

NATIONAL STEEL CO
Form 6-K
November 29, 2007

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of the
Securities Exchange Act of 1934

For the month of November, 2007

Commission File Number 1-14732

COMPANHIA SIDERÚRGICA NACIONAL

(Exact name of registrant as specified in its charter)

National Steel Company

(Translation of Registrant's name into English)

**Av. Brigadeiro Faria Lima 3400, 20º andar
São Paulo, SP, Brazil
04538-132**

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports
under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby
furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE COMMISSION

Accounting
Practices

QUARTERLY INFORMATION

September 30,
2007

Adopted in Brazil

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

REGISTRATION WITH CVM SHOULD NOT BE CONSTRUED AS AN EVALUATION OF THE COMPANY.
COMPANY MANAGEMENT IS RESPONSIBLE FOR THE INFORMATION PROVIDED.

01.01 IDENTIFICATION

| | | |
|--|---|---|
| 1 - CVM CODE 00403-0 | 2 - COMPANY NAME COMPANHIA SIDERÚRGICA NACIONAL | 3 - CNPJ (Corporate Taxpayer s ID) 33.042.730/0001-04 |
| 4 - NIRE (Corporate Registry ID) 33-3.00011595 | | |

01.02 HEAD OFFICE

| | | | | |
|--|--------------------------|----------------------|------------------|----------|
| 1 ADDRESS R. SÃO JOSÉ, 20/ GR. 1602 PARTE | | 2 DISTRICT CENTRO | | |
| 3 ZIP CODE 22010-020 | 4 CITY RIO DE JANEIRO | | 5 STATE RJ | |
| 6 AREA CODE 21 | 7 TELEPHONE 2141-1800 | 8 TELEPHONE - | 9 TELEPHONE - | 10 TELEX |
| 11 AREA CODE 21 | 12 FAX 2141-1809 | 13 FAX - | 14 FAX - | |
| 15 E-MAIL invrel@csn.com.br | | | | |

01.03 INVESTOR RELATIONS OFFICER (Company Mailing Address)

| | | | | |
|--|--------------------------|------------------|--------------------------|----------|
| 1 NAME BENJAMIN STEINBRUCH | | | | |
| 2 ADDRESS AV. BRIGADEIRO FARIA LIMA, 3400 20° ANDAR | | | 3 DISTRICT ITAIM BIBI | |
| 4 POSTAL CODE 04538-132 | 5 CITY SÃO PAULO | | 6 STATE SP | |
| 7 AREA CODE 11 | 8 TELEPHONE 3049-7100 | 9 TELEPHONE - | 10 TELEPHONE - | 11 TELEX |
| | | | | |

| | | | | |
|--------------------------------|---------------------|---------------------|-------------|--|
| 12 AREA CODE 11 | 13 FAX 3049-7150 | 14 FAX 3049-7519 | 15 FAX - | |
| 16 E-MAIL invrel@csn.com.br | | | | |

01.04 REFERENCE AND AUDITOR INFORMATION

| CURRENT YEAR | | CURRENT QUARTER | | | PREVIOUS QUARTER | | |
|---|------------|-----------------|---------------|-----------|---|---------------|-----------|
| 1 - BEGINNING | 2. END | 3 - QUARTER | 4 - BEGINNING | 5 - END | 6 - QUARTER | 7 - BEGINNING | 8 - END |
| 1/1/2007 | 12/31/2007 | 3 | 7/1/2007 | 9/30/2007 | 2 | 4/1/2007 | 6/30/2007 |
| 09 - INDEPENDENT ACCOUNTANT KPMG AUDITORES INDEPENDENTES | | | | | 10 - CVM CODE 00418-9 | | |
| 11. TECHNICIAN IN CHARGE MANUEL FERNANDES RODRIGUES DE SOUZA | | | | | 12 TECHNICIAN S CPF (INDIVIDUAL TAXPAYER S REGISTER) 783.840.017-15 | | |

01.05 CAPITAL STOCK

| NUMBER OF SHARES (in thousands) | 1 CURRENT QUARTER 9/30/2007 | 2 PREVIOUS QUARTER 6/30/2007 | 3 SAME QUARTER, PREVIOUS YEAR 9/30/2007 |
|------------------------------------|--------------------------------|---------------------------------|---|
| Paid-in Capital | | | |
| 1 Common | 272,068 | 272,068 | 272,068 |
| 2 Preferred | 0 | 0 | 0 |
| 3 Total | 272,068 | 272,068 | 272,068 |
| Treasury Stock | | | |
| 4 Common | 15,578 | 15,578 | 14,655 |
| 5 Preferred | 0 | 0 | 0 |
| 6 Total | 15,578 | 15,578 | 14,655 |

01.06 COMPANY PROFILE

| |
|---|
| 1 TYPE OF COMPANY Commercial, Industry and Others Types of Company |
| 2 STATUS Operational |
| 3 NATURE OF OWNERSHIP Private National |
| 4 ACTIVITY CODE 1060 - Metallurgy and Steel Industry |
| 5 MAIN ACTIVITY MANUFACTURING, TRANSF. AND TRADING OF STEEL PRODUCTS |
| 6 CONSOLIDATION TYPE Total |
| 7 TYPE OF REPORT OF INDEPENDENT AUDITORS Unqualified |

01.07 COMPANIES NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

| 1 - ITEM | 2 - CNPJ (Corporate Taxpayer's ID) | 3 - COMPANY NAME |
|----------|------------------------------------|------------------|
| | | |

01.08 - CASH DIVIDENDS APPROVED AND/OR PAID DURING AND AFTER THE QUARTER

| 1 - ITEM | 2 - EVENT | 3 - APPROVAL | 4 - TYPE | 5 - DATE OF PAYMENT | 6 - TYPE OF SHARE | 7 - AMOUNT PER SHARE |
|----------|-----------|--------------|-------------------------|---------------------|-------------------|----------------------|
| 01 | AGO/E | 04/30/2007 | Interest on Own Capital | 09/04/2007 | Common | 0.6800600000 |
| 02 | AGO/E | 04/30/2007 | Dividend | 09/04/2007 | Common | 1.9916340000 |

01.09 - SUBSCRIBED CAPITAL AND CHANGES IN THE CURRENT YEAR

| 1 - ITEM | 2 - DATE OF CHANGE | 3 - CAPITAL STOCK (In thousands of reais) | 4 - AMOUNT OF CHANGE (In thousands of reais) | 5 - NATURE OF CHANGE | 7 - NUMBER OF SHARES ISSUED (thousand) | 8 - SHARE PRICE WHEN ISSUED (in reais) |
|----------|--------------------|--|---|----------------------|---|---|
|----------|--------------------|--|---|----------------------|---|---|

01.10 - INVESTOR RELATIONS OFFICER

| | |
|--------|-------------|
| 1 DATE | 2 SIGNATURE |
|--------|-------------|

02.01 BALANCE SHEETS - ASSETS (in thousands of Reais)

| 1 - CODE | 2 - DESCRIPTION | 3 - 9/30/2007 | 4 - 6/30/2007 |
|-----------------|--|----------------------|----------------------|
| 1 | Total Assets | 26,042,326 | 25,779,056 |
| 1.01 | Current Assets | 4,823,940 | 5,250,680 |
| 1.01.01 | Cash and Cash Equivalents | 11,081 | 37,184 |
| 1.01.02 | Receivable | 1,682,365 | 2,510,359 |
| 1.01.02.01 | Accounts Receivable | 1,057,628 | 1,402,591 |
| 1.01.02.01.01 | Domestic Market | 575,781 | 608,656 |
| 1.01.02.01.02 | Foreign Market | 553,984 | 864,434 |
| 1.01.02.01.03 | Allowance for Doubtful Accounts | (72,137) | (70,499) |
| 1.01.02.02 | Sundry Receivable | 624,737 | 1,107,768 |
| 1.01.02.02.01 | Employees | 3,912 | 3,760 |
| 1.01.02.02.02 | Suppliers | 131,072 | 127,463 |
| 1.01.02.02.03 | Recoverable Income and Social Contribution Taxes | 2,816 | 10,659 |
| 1.01.02.02.04 | Deferred Income Tax | 181,796 | 232,299 |
| 1.01.02.02.05 | Deferred Social Contribution | 63,798 | 81,979 |
| 1.01.02.02.06 | Other Taxes | 70,091 | 105,100 |
| 1.01.02.02.07 | Proposed Dividends Receivable | 150,813 | 151,829 |
| 1.01.02.02.08 | Other Receivable | 20,439 | 394,679 |
| 1.01.03 | Inventories | 1,854,194 | 1,718,993 |
| 1.01.04 | Other | 1,276,300 | 984,144 |
| 1.01.04.01 | Marketable Securities | 884,077 | 148,994 |
| 1.01.04.02 | Prepaid Expenses | 56,717 | 62,680 |
| 1.01.04.03 | Insurance Claimed | 335,506 | 408,421 |
| 1.01.04.04 | Restricted Amounts | 0 | 364,049 |
| 1.02 | Non-Current Assets | 21,218,386 | 20,528,376 |
| 1.02.01 | Long-Term Assets | 1,996,654 | 1,640,673 |
| 1.02.01.01 | Sundry Receivable | 692,162 | 764,367 |
| 1.02.01.01.01 | Loans Eletrobrás | 25,929 | 26,084 |
| 1.02.01.01.02 | Securities Receivable | 137,392 | 138,032 |
| 1.02.01.01.03 | Deferred Income Tax | 300,921 | 356,080 |
| 1.02.01.01.04 | Deferred Social Contribution | 97,106 | 117,466 |
| 1.02.01.01.05 | Other Taxes | 130,814 | 126,705 |
| 1.02.01.02 | Receivable from Related Parties | 635,520 | 207,871 |
| 1.02.01.02.01 | Associated and Related Companies | 0 | 0 |
| 1.02.01.02.02 | Subsidiaries | 635,520 | 207,871 |
| 1.02.01.02.03 | Other Related Parties | 0 | 0 |
| 1.02.01.03 | Other | 668,972 | 668,435 |
| 1.02.01.03.01 | Judicial Deposits | 542,259 | 540,115 |
| 1.02.01.03.02 | Marketable Securities | 89,673 | 89,673 |
| 1.02.01.03.03 | Prepaid Expenses | 35,724 | 37,352 |
| 1.02.01.03.04 | Other | 1,316 | 1,295 |
| 1.02.02 | Permanent Assets | 19,221,732 | 18,887,703 |

02.01 BALANCE SHEETS - ASSETS (in thousands of Reais)

| 1 - CODE | 2 - DESCRIPTION | 3 - 9/30/2007 | 4 - 6/30/2007 |
|-----------------|--|----------------------|----------------------|
| 1.02.02.01 | Investments | 6,533,964 | 6,252,607 |
| 1.02.02.01.01 | In Associated/ Related Companies | 0 | 0 |
| 1.02.02.01.02 | In Direct and Indirect Associated/ Related Companies - Goodwill | 0 | 0 |
| 1.02.02.01.03 | In Subsidiaries | 6,483,699 | 6,189,987 |
| 1.02.02.01.04 | In Subsidiaries -Goodwill | 50,234 | 62,589 |
| 1.02.02.01.05 | Other Investments | 31 | 31 |
| 1.02.02.02 | Property, Plant and Equipment | 12,526,806 | 12,484,375 |
| 1.02.02.02.01 | In Operation, Net | 10,977,247 | 11,156,103 |
| 1.02.02.02.02 | In Construction | 1,137,891 | 919,553 |
| 1.02.02.02.03 | Land | 411,668 | 408,719 |
| 1.02.02.03 | Intangible Assets | 0 | 0 |
| 1.02.02.04 | Deferred | 160,962 | 150,721 |

02.02 BALANCE SHEETS - LIABILITIES (in thousands of Reais)

| 1 - CODE | 2 - DESCRIPTION | 3 - 9/30/2007 | 4 - 6/30/2007 |
|-----------------|--|----------------------|----------------------|
| 2 | Total Liabilities | 26,042,326 | 25,779,056 |
| 2.01 | Current Liabilities | 3,850,144 | 4,388,496 |
| 2.01.01 | Loans and Financing | 1,497,230 | 1,094,776 |
| 2.01.02 | Debentures | 36,214 | 46,912 |
| 2.01.03 | Suppliers | 941,871 | 976,461 |
| 2.01.04 | Taxes and Contributions | 418,506 | 722,368 |
| 2.01.04.01 | Salaries and Social Contributions | 138,683 | 133,284 |
| 2.01.04.02 | Taxes Payable | 153,248 | 462,530 |
| 2.01.04.03 | Deferred Income Tax | 93,070 | 93,054 |
| 2.01.04.04 | Deferred Social Contribution | 33,505 | 33,500 |
| 2.01.05 | Dividends Payable | 135,809 | 738,576 |
| 2.01.06 | Provisions | 40,229 | 30,770 |
| 2.01.06.01 | Contingencies | 91,264 | 74,069 |
| 2.01.06.02 | Judicial Deposits | (51,035) | (43,299) |
| 2.01.07 | Debts with Related Parties | 0 | 0 |
| 2.01.08 | Other | 780,285 | 778,633 |
| 2.01.08.01 | Accounts Payable - Subsidiaries | 561,949 | 589,522 |
| 2.01.08.02 | Other | 218,336 | 189,111 |
| 2.02 | Non-Current Liabilities | 13,054,859 | 12,898,019 |
| 2.02.01 | Long-Term Liabilities | 13,054,859 | 12,898,019 |
| 2.02.01.01 | Loans and Financing | 6,737,436 | 6,658,018 |
| 2.02.01.02 | Debentures | 909,233 | 901,493 |
| 2.02.01.03 | Provisions | 4,951,883 | 4,876,543 |
| 2.02.01.03.01 | Contingencies | 3,869,432 | 3,650,369 |
| 2.02.01.03.02 | Judicial Deposits | (903,603) | (799,550) |
| 2.02.01.03.03 | Deferred Income Tax | 1,460,334 | 1,489,503 |
| 2.02.01.03.04 | Deferred Social Contribution | 525,720 | 536,221 |
| 2.02.01.04 | Debts with Related Parties | 0 | 0 |
| 2.02.01.05 | Advance for Future Capital Increase | 0 | 0 |
| 2.02.01.06 | Other | 456,307 | 461,965 |
| 2.02.01.06.01 | Allowance for Loss on Investments | 109,423 | 89,411 |
| 2.02.01.06.02 | Accounts Payable Subsidiaries | 47,802 | 48,494 |
| 2.02.01.06.03 | Provision for Pension Fund | 195,898 | 210,114 |
| 2.02.01.06.04 | Other | 103,184 | 113,946 |
| 2.02.02 | Deferred Income | 0 | 0 |
| 2.04 | Shareholders Equity | 9,137,323 | 8,492,541 |
| 2.04.01 | Paid-In Capital Stock | 1,680,947 | 1,680,947 |
| 2.04.02 | Capital Reserves | 30 | 30 |
| 2.04.03 | Revaluation Reserves | 4,671,116 | 4,751,113 |
| 2.04.03.01 | Own Assets | 4,436,700 | 4,513,706 |
| 2.04.03.02 | Subsidiaries/ Direct and Indirect Associated Companies | 234,416 | 237,407 |

02.02 BALANCE SHEETS - LIABILITIES (in thousands of Reais)

| 1 - CODE | 2 - DESCRIPTION | 3 - 9/30/2007 | 4 - 6/30/2007 |
|-----------------|---------------------------------------|----------------------|----------------------|
| 2.04.04 | Profit Reserves | 270,370 | 270,370 |
| 2.04.04.01 | Legal | 336,189 | 336,189 |
| 2.04.04.02 | Statutory | 0 | 0 |
| 2.04.04.03 | For Contingencies | 0 | 0 |
| 2.04.04.04 | Unrealized Income | 0 | 0 |
| 2.04.04.05 | Retention of Profits | 0 | 0 |
| 2.04.04.06 | Special For Non-Distributed Dividends | 0 | 0 |
| 2.04.04.07 | Other Profit Reserves | (65,819) | (65,819) |
| 2.04.04.07.01 | From Investments | 677,611 | 677,611 |
| 2.04.04.07.02 | Treasury Stock | (743,430) | (743,430) |
| 2.04.05 | Retained Earnings/ Accumulated Losses | 2,514,860 | 1,790,081 |
| 2.04.06 | Advance for Future Capital Increase | 0 | 0 |

03.01 STATEMENTS OF INCOME (in thousands of Reais)

| 1 - CODE | 2 - DESCRIPTION | 3 - 7/1/2007 to 9/30/2007 | 4 - 1/1/2007 to 9/30/2007 | 5 - 7/1/2006 to 9/30/2006 | 6 - 1/1/2006 to 9/30/2006 |
|-----------------|--|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| 3.01 | Gross Revenue from Sales and/or Services | 2,868,839 | 8,171,000 | 2,598,645 | 6,272,365 |
| 3.02 | Gross Revenue Deductions | (684,108) | (1,761,316) | (503,733) | (1,276,836) |
| 3.03 | Net Revenue from Sales and/or Services | 2,184,731 | 6,409,684 | 2,094,912 | 4,995,529 |
| 3.04 | Cost of Goods and/or Services Sold | (1,146,722) | (3,571,280) | (1,356,242) | (3,516,488) |
| 3.04.01 | Depreciation, Depletion and Amortization | (229,074) | (651,759) | (195,786) | (587,069) |
| 3.04.02 | Other | (917,648) | (2,919,521) | (1,160,456) | (2,929,419) |
| 3.05 | Gross Income | 1,038,009 | 2,838,404 | 738,670 | 1,479,041 |
| 3.06 | Operating Income/Expenses | (121,838) | 362,544 | (262,901) | (116,748) |
| 3.06.01 | Selling Expenses | (77,837) | (227,350) | (80,719) | (208,731) |
| 3.06.01.01 | Depreciation and Amortization | (1,615) | (4,678) | (2,434) | (7,102) |
| 3.06.01.02 | Other | (76,222) | (222,672) | (78,285) | (201,629) |
| 3.06.02 | General and Administrative | (65,901) | (203,597) | (70,942) | (188,215) |
| 3.06.02.01 | Depreciation and Amortization | (4,780) | (13,830) | (3,627) | (10,819) |
| 3.06.02.02 | Other | (61,121) | (189,767) | (67,315) | (177,396) |
| 3.06.03 | Financial | (197,184) | 110,370 | (312,035) | (593,288) |
| 3.06.03.01 | Financial Income | 15,222 | (307,321) | (61,719) | (413,787) |
| 3.06.03.02 | Financial Expenses | (212,406) | 417,691 | (250,316) | (179,501) |
| 3.06.03.02.01 | Foreign Exchange and Monetary Variation, net | 172,103 | 990,222 | 60,652 | 543,402 |
| 3.06.03.02.02 | Financial Expenses | (384,509) | (572,531) | (310,968) | (722,903) |
| 3.06.04 | Other Operating Income | 5,745 | 13,910 | 257,811 | 943,623 |
| 3.06.05 | Other Operating Expenses | (46,077) | (156,914) | (92,233) | (213,675) |
| 3.06.06 | Equity pick-up | 259,416 | 826,125 | 35,217 | 143,538 |
| 3.07 | Operating Income | 916,171 | 3,200,948 | 475,769 | 1,362,293 |
| 3.08 | Non-Operating Income | (4,116) | (5,138) | 1,253 | 1,227 |
| 3.08.01 | Income | 5,101 | 5,104 | 1,253 | 8,532 |

03.01 STATEMENTS OF INCOME (in thousands of Reais)

| 1 - CODE | 2 - DESCRIPTION | 3 - 7/1/2007 to 9/30/2007 | 4 - 1/1/2007 to 9/30/2007 | 5 - 7/1/2006 to 9/30/2006 | 6 - 1/1/2006 to 9/30/2006 |
|-----------------|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| 3.08.02 | Expenses | (9,217) | (10,242) | 0 | (7,305) |
| 3.09 | Income before Taxes/Participations | 912,055 | 3,195,810 | 477,022 | 1,363,520 |
| 3.10 | Provision for Income and Social Contribution Taxes | (102,541) | (665,701) | (192,932) | (241,961) |
| 3.11 | Deferred Income Tax | (104,556) | (95,235) | 124,549 | (44,603) |
| 3.11.01 | Deferred Income Tax | (76,510) | (89,899) | 85,281 | (71,241) |
| 3.11.02 | Deferred Social Contribution | (28,046) | (5,336) | 39,268 | 26,638 |
| 3.12 | Statutory Participations/Contributions | 0 | 0 | 0 | 0 |
| 3.12.01 | Participations | 0 | 0 | 0 | 0 |
| 3.12.02 | Contributions | 0 | 0 | 0 | 0 |
| 3.13 | Reversal of Interest on Shareholders Equity | 0 | 0 | 0 | 0 |
| 3.15 | Income/Loss for the Period | 704,958 | 2,434,874 | 408,639 | 1,076,956 |
| | OUTSTANDING SHARES, EX-TREASURY (in thousands) | 256,490 | 256,490 | 257,413 | 257,413 |
| | EARNINGS PER SHARE (in Reais) | 2.74848 | 9.49306 | 1.58748 | 4.18377 |
| | LOSS PER SHARE (in Reais) | | | | |

00403-0

COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

04.01 NOTES TO THE FINANCIAL STATEMENTS

(In thousands of reais, unless otherwise stated)

1. OPERATIONS

Companhia Siderúrgica Nacional (CSN or Company) is engaged in the production of flat steel products and its main industrial complex is the Presidente Vargas Steelworks (UPV) located in the City of Volta Redonda, State of Rio de Janeiro.

CSN is engaged in the mining of iron ore, limestone and dolomite, in the State of Minas Gerais and tin in the State of Rondônia to meet the needs of UPV and it has maintains strategic investments in mining companies, railroad, electricity and ports, to optimize its activities and it is also implementing a cement plant inside UPV, in Volta Redonda.

To be closer to clients and win markets on a global level, CSN has a steel distributor, two metal package plants in addition to a galvanized steel plant in the South and another in the Southeast of Brazil supplying mainly the home appliances and automotive industry. Abroad, the Company has a rolling mill in Portugal and another mill in the United States.

2. PRESENTATION OF THE QUARTERLY FINANCIAL STATEMENTS

The individual (Company) and consolidated financial statements were prepared based on the accounting practices derived from the Brazilian Corporation Law and rules of the Brazilian Securities and Exchange Commission (CVM).

With the objective of improving the information disclosed to the market, the Company is presenting the following additional information covering the Parent Company and the consolidated quarterly financial information:

(a) Segment reporting

A segment is a distinguishable component of the Company, intended for manufacturing products or rendering services a business segment -, or in providing products and services within a particular economic environment geographical segment -, which are subject to risks and rewards that are different from other segments.

(b) Statements of cash flow

The purpose of the additional statements of cash flow is to show how the Company generates and uses cash resources and cash equivalents.

(c) Statements of added value

It aims to present the value of the wealth generated by the Company and its distribution among the elements that contributed to its generation.

All the Information presented has been obtained from the Company's accounting records and reclassifications were made to certain information contained in the traditional statement of income, considering that they are recorded in the statement of added value as distribution of the added value generated.

3. DESCRIPTION OF SIGNIFICANT ACCOUNTING PRACTICES

(a) Statement of Income

The results of operations are recognized on the accrual basis.

Revenue from the sales of products is recognized in the statements of income when all risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognized in the statement of income in proportion to the stage of completion of the service. Revenue is not recognized if there are significant uncertainties as to its realization.

(b) Current and non-current assets

Marketable securities

The investment funds have daily liquidity and the assets are valued at fair value, according to instructions of the Central Bank of Brazil and CVM, since the Company considers these investments as securities held for trading.

Fixed income securities and financial investments abroad are recorded at cost plus income accrued up to the balance sheet date, and do not exceed market value.

Accounts receivable

Trade accounts receivable are recorded at the invoiced amount, including the respective taxes. The allowance for doubtful accounts was recorded in an amount considered adequate by Management, to cover any losses arising on collection of accounts receivable.

(c) Inventories

Inventories are stated at their average cost of acquisition or production and imports in transit are recorded at their cost of acquisition, not exceeding their market or realization values. Provisions for losses or obsolescence are recorded whenever Management considers it necessary.

(d) Other current and non-current assets

Stated at their realization value, including, when applicable, income earned to the balance sheet date or, in the case of prepaid expenses, at cost.

(e) Investments

Investments in subsidiaries and jointly-owned subsidiary companies are recorded by the equity accounting method, plus positive goodwill, when applicable. Other permanent investments are recorded at cost of acquisition.

(f) Property, plant and equipment

The property, plant and equipment of the parent company is presented at market or replacement values, based on appraisal reports issued by independent expert appraisal firms, as permitted by Deliberation 288 issued by the Brazilian Securities and Exchange Commission on December 3, 1998. Depreciation is calculated by the straight-line method, according to the remaining economic useful lives of the assets after revaluation. Depletion of the Casa de Pedra iron mine is calculated based on the quantity of iron ore extracted. Interest charges related to loans and financing specific for construction in progress are capitalized until the constructions are concluded.

(g) Deferred charges

The deferred charges are due to expenses incurred in developing and implementing projects that will generate an economic return to the Company in the next few years, and they are amortized on a straight-line basis based on the period foreseen for economic benefits of such projects.

(h) Current and non-current liabilities

These are stated at their known or estimated values, including, when applicable, accrued charges, and monetary and foreign exchange variation incurred up to the balance sheet date.

(i) Employees benefit

In accordance with Deliberation 371, issued by the Brazilian Securities and Exchange Commission, on December 13, 2000, the Company has been recording the respective actuarial liabilities as from January 1, 2002, in accordance with the above-mentioned reported deliberation and based on studies prepared by external actuaries.

(j) Income and social contribution taxes

Current and deferred income and social contribution taxes are calculated based on the tax rates of 15% plus an additional of 10% on taxable income for income tax and 9% on taxable income for social contribution on net income and consider the tax loss carryforward and negative basis of social contribution limited to 30% of taxable income.

Tax credits are recorded for deferred taxes on tax losses carryforwards, negative basis of social contribution on net income and on temporary differences, pursuant to CVM Instruction 371 as of June 27, 2002 and take into consideration the history of profitability and the expectation of generating future taxable income, based on a technical viability study.

(k) Derivatives

The derivatives operations are recorded in accordance with the characteristics of the financial instruments. Swap operations are recorded based on the net results of the operations, which are booked monthly in line with the contractual conditions, and swaps traded through the exclusive funds are adjusted to fair value.

Exchange options are adjusted monthly to fair value whenever the position shows a loss. These losses are recognized as the Company's liability with the corresponding entry in the financial results. Options traded through exclusive funds are adjusted to fair value and futures contracts have their positions adjusted to fair value on a daily basis by the Futures and Commodities Exchange (BM&F) with recognition of gains and losses directly in the statement of income.

(l) Treasury Shares

As established by CVM Instruction 10/80, treasury shares are recorded at cost of acquisition, and the market value of these shares, calculated based on the stock exchange quotation on the last day of the period, is presented in the Notes to the financial statements.

(m) Accounting estimates

The preparation of the financial statements in accordance with the accounting practices adopted in Brazil, requires that Management uses its judgment in determining and recording the accounting estimates. The settlement of the transactions involving these estimates may result in significantly different amounts from those estimated, due to lack of precision inherent to the process of their determination. The Company periodically reviews the estimates and assumptions.

4. CONSOLIDATED QUARTERLY FINANCIAL INFORMATION

The consolidated Quarterly Financial Information for the quarters ended September 30, 2007 and June 30, 2007 included the following direct and indirect subsidiaries and jointly-owned:

| Companies | Functional currency | Ownership interest (%) | | Main activities |
|--|------------------------|------------------------|-----------|---|
| | | 9/30/2007 | 6/30/2007 | |
| Direct investment: full consolidation | | | | |
| CSN Energy | US\$ | 100.00 | 100.00 | Equity interest |
| CSN Export | US\$ | 100.00 | 100.00 | Financial operations, trading of products and equity interest |
| CSN Islands VII | US\$ | 100.00 | 100.00 | Financial operations |
| CSN Islands VIII | US\$ | 100.00 | 100.00 | Financial operations |
| CSN Islands IX | US\$ | 100.00 | 100.00 | Financial operations |
| CSN Islands X | US\$ | 100.00 | 100.00 | Financial operations |
| CSN Islands XI | US\$ | 100.00 | | Financial operations |
| CSN Overseas | US\$ | 100.00 | 100.00 | Financial operations and equity interest |
| CSN Panama | US\$ | 100.00 | 100.00 | Financial operations and equity interest |
| CSN Steel | US\$ | 100.00 | 100.00 | Financial operations and equity interest |
| Sepetiba Tecon | R\$ | 100.00 | 100.00 | Maritime port services |
| Nacional Ferrosos | R\$ | | 100.00 | Mining and equity interest |
| Pelotização Nacional S.A. | R\$ | 100.00 | | Mining and equity interest |
| Minas Pelotização S.A. | R\$ | 100.00 | | Mining and equity interest |
| CSN I | R\$ | 99.99 | 99.99 | Equity interest |
| Estanho de Rondônia - ERSA | R\$ | 99.99 | 99.99 | Mining |
| Cia Metalic Nordeste | R\$ | 99.99 | 99.99 | Packaging |
| Indústria Nacional de Aços | | | | |
| Laminados - INAL | R\$ | 99.99 | 99.99 | Steel products service center |
| CSN Cimentos | R\$ | 99.99 | 99.99 | Cement production |
| Inal Nordeste | R\$ | 99.99 | 99.99 | Steel products service center |
| CSN Energia | R\$ | 99.90 | 99.90 | Trading of electricity |
| Nacional Minérios | R\$ | 99.99 | 99.99 | Mining and equity interest |
| CSN Gestão de Recursos | | | | |
| Financeiros | R\$ | 99.99 | | Financial operations and equity interest |
| Congonhas Minérios | R\$ | 99.99 | 99.99 | Mining and equity interest |
| GalvaSud | R\$ | 15.29 | 15.29 | Steel industry |
| Direct investment: proportional consolidation | | | | |
| Itá Energética | R\$ | 48.75 | 48.75 | Electricity generation |
| Companhia Ferroviária do Nordeste (CFN) | R\$ | 45.78 | 45.78 | Railroad transport |
| MRS Logística | R\$ | 32.93 | 32.93 | Railroad transport |

Indirect investment: full consolidation

| | | | | |
|---|------|--------|--------|---|
| CSN Aceros | US\$ | 100.00 | 100.00 | Equity interest Financial operations, trading of products |
| CSN Cayman | US\$ | 100.00 | 100.00 | and equity interest |
| CSN Iron | US\$ | 100.00 | 100.00 | Financial operations |
| Companhia Siderurgica Nacional LLC | US\$ | 100.00 | 100.00 | Steel industry |
| CSN Holdings Corp | US\$ | 100.00 | 100.00 | Equity interest |
| Companhia Siderurgica Nacional Partner LLC | US\$ | 100.00 | 100.00 | Equity interest |
| Energy I | US\$ | 100.00 | 100.00 | Equity interest |
| Tangua | US\$ | 100.00 | 100.00 | Equity interest Financial operations and equity interest |
| CSN Madeira | EUR | 100.00 | 100.00 | Financial operations and equity interest |
| Cinnabar | EUR | 100.00 | 100.00 | Financial operations and equity interest |
| Hickory | EUR | 100.00 | 100.00 | Financial operations and trading of |
| Lusosider Projectos Siderúrgicos | EUR | 100.00 | 100.00 | Equity d ^t interest Financial operations and equity interest |
| CSN Acquisitions | GBP | 100.00 | 100.00 | Financial operations and equity interest |
| CSN Finance (UK) | GBP | 100.00 | 100.00 | Financial operations and equity interest |
| CSN Holdings (UK) | GBP | 100.00 | 100.00 | Financial operations and equity interest |
| Itamambuca Participações | R\$ | 100.00 | 100.00 | Mining and equity interest |
| CFM | R\$ | 100.00 | | Mining and equity interest |
| MG Minérios S.A. | R\$ | 100.00 | | Mining and equity interest |
| Inversiones CSN Espanha S.L. | EUR | 100.00 | 100.00 | Financial operations and equity interest |

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| Companies | Functional currency | Ownership interest (%) | | Main activities |
|-----------------------------------|---------------------|------------------------|-----------|--|
| | | 9/30/2007 | 6/30/2007 | |
| CSN Finance B.V. (Netherlands) | EUR | 100.00 | 100.00 | Financial operations and equity interest |
| Cayman Mineração do Brasil Ltda. | R\$ | 100.00 | | Mining |
| Companhia Metalúrgica Prada | R\$ | 99.99 | 99.99 | Package production |
| Lusosider Aços Planos | EUR | 99.93 | 99.93 | Steel industry |
| GalvaSud | R\$ | 84.71 | 84.71 | Steel industry |
| CSN Energia | R\$ | 0.10 | 0.10 | Trading of electricity |

Description of the main consolidation procedures

The accounting policies have been consistently applied in all consolidated companies and consistent with those used in the year ended financial statements

The Quarterly Information of subsidiaries prepared in US dollars, in Euros and in Pounds Sterling were translated to Brazilian Real at the exchange rate as of September 30, 2007 R\$/US\$1.8389(R\$ /US\$1.9262 on June 30, 2007), R\$/EUR2.62367 (R\$/EUR2.60730 on June 30, 2007) and R\$/GBP3.76276 (R\$/GBP3.86762 on June 30, 2007).

The gains and losses from these translations were recorded in the income statements of the related periods, as equity accounting in the parent company and exchange variation in the consolidated statements.

The following criteria were followed in the preparation of the consolidated Financial Statements.

Elimination of intercompany asset and liability account balances between the subsidiaries;

Elimination of investment in the capital, reserves and retained earnings of the subsidiaries;

Elimination of intercompany income and expense balances and unrealized income arising from intercompany transactions; and

Elimination of taxes and charges on unearned income, which are presented as deferred tax in the consolidated balance sheet.

Pursuant to the CVM Instruction 408/04 the Company consolidates the financial statements of exclusive investment funds.

The date for the subsidiaries and jointly-owned subsidiaries quarterly financial statements coincides with that of the parent company.

The conciliation between shareholders equity and net income for the year of the parent company and consolidated is as follows:

| | |
|---------------------|--------------------------|
| Shareholders Equity | Net income in the period |
|---------------------|--------------------------|

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| | 9/30/2007 | 6/30/2007 | 9/30/2007 | 9/30/2006 |
|--|-----------|-----------|-----------|-----------|
| Parent Company | 9,137,323 | 8,492,541 | 2,434,874 | 1,076,956 |
| Elimination of unrealized income on inventories | (123,076) | (117,292) | (20,622) | 7,154 |
| Consolidated | 9,014,247 | 8,375,249 | 2,414,252 | 1,084,110 |

5. RELATED PARTY TRANSACTIONS

The purchase and sale of products and inputs and the contracting of services with subsidiaries are performed under normal conditions that would be applicable to unrelated parties, such as prices, terms, charges, quality etc. The main operations of borrowings, financing and loans are as follows:

a) Assets

| Companies | Accounts receivable | Financial Investments | Loans ⁽¹⁾ current accounts | Dividends receivable | Advance for future capital increase | Advance to suppliers | Total |
|---------------------|---------------------|-----------------------|---------------------------------------|----------------------|-------------------------------------|----------------------|-----------|
| Exclusive Funds | | 846,498 | | | | | 846,498 |
| CSN Export | 685,833 | | | | | | 685,833 |
| Nacional Minérios | 20,538 | | | | 383,990 | | 404,528 |
| CFN | | | 126,834 | | 79,942 | | 206,776 |
| INAL | 41,245 | | 2,574 | 82,302 | | | 126,121 |
| CSN Cimentos | | | | | 44,754 | | 44,754 |
| CSN Madeira | 42,689 | | | | | | 42,689 |
| MRS Logística | 106 | | | 41,428 | | 34 | 41,568 |
| PRADA | 36,548 | | 47 | | | | 36,595 |
| CSN Energia | | | | 26,973 | | | 26,973 |
| GalvaSud | 11,674 | | | | | | 11,674 |
| Inal Nordeste | 3,398 | | | | | | 3,398 |
| Other (*) | 315 | | 3,072 | 110 | | 395 | 3,892 |
| Total on 09/30/2007 | 842,346 | 846,498 | 132,527 | 150,813 | 508,686 | 429 | 2,481,299 |
| Total on 06/30/2007 | 1,108,752 | 1,143 | 514,777 | 151,828 | 69,352 | 9,531 | 1,855,383 |

(1) Loans Receivable from related parties are price level restated by 101% of the Interbank Deposit Certificate (CDI).

(*) Other: CSN LLC, Sepetiba Tecon, Cia Metalic, Ersas, Fundação CSN.

b) Liabilities

| Companies | Loans and financing | | | Derivatives | Accounts payable | Suppliers | Total | |
|------------------------|---------------------|------------------------|-------------------------|--------------------------|------------------|----------------------------------|---------|-----------|
| | Prepayment (1) | Fixed Rate Notes(2) | Loans from Investees | Intercompany Bonds(2) | Swap | Loans(3)/ current accounts | | Other |
| CSN Steel | 1,151,827 | 578,570 | | | | 241,454 | | 1,971,851 |
| CSN Iron | | | | 1,136,620 | | | | 1,136,620 |
| CSN Islands VIII | | 962,816 | | | 77,889 | 1,689 | | 1,042,394 |
| CSN Export | 882,890 | | | | | 11,075 | | 893,965 |
| CSN Madeira | 358,098 | | 20,121 | | | 280,736 | | 658,955 |
| CSN Islands VII | | 510,277 | | | (1,559) | | | 508,718 |
| CBS Previdência | | | | | | | 246,533 | 246,533 |
| Cinnabar | 56,300 | | 78,448 | | | 38,285 | | 173,033 |
| INAL | | | | | | | 27,804 | 27,804 |
| CSN Energia | | | | | | 23,611 | | 23,611 |
| Aceros | | | | | | 18,486 | | 18,486 |
| Ersa | | | | | | | 17,097 | 17,097 |
| MRS | | | | | | 9,558 | | 9,558 |
| GalvaSud | | | | | | | 4,420 | 4,420 |
| Other (*) | | | | | | | 136 | 136 |
| Total on 09/30/2007 | 2,449,115 | 2,051,663 | 98,569 | 1,136,620 | 76,330 | 624,894 | 295,990 | 6,733,181 |
| Total on 06/30/2007 | 2,344,664 | 2,001,716 | 96,226 | 1,164,215 | 175,306 | 654,578 | 289,388 | 6,726,093 |

(1) Contracts in US\$ - CSN Export: interest from 6.15% to 7.43% p.a. with maturity in May 2015.
Contracts in US\$ - CSN Cinnabar: Annual Libor + 3% p.a. with maturity in June 2008.
Contracts in US\$ - CSN Steel: interest from 5.75% to 10.0% p.a. with maturity in January 2018.
Contracts in US\$ - CSN Madeira: interest of 7.25% p.a. with maturity in June 2016.

(2) Contracts in US\$ - CSN Iron: interest of 9.125% p.a. with maturity in June 2047.
Contracts in YEN - CSN Islands VII: interest of 7.3% and 7.75% p.a. with maturity in September 2008.
Contracts in YEN - CSN Islands VIII: interest of 5.65% p.a. with maturity in December 2013.
Contracts in YEN - CSN Steel: interest of 1.5% p.a. with maturity in July 2010.

(3) Information referring to loan agreements with related parties.
CSN Madeira (part): semiannual Libor + 3% p.a. with indefinite maturity.
CSN Madeira (part): semiannual Libor + 2.5% p.a. with maturity in September 2011.
Cinnabar (part): semiannual Libor + 3% p.a. with indefinite maturity and IGPM + 6% p.a. with indefinite maturity.

CSN Export: semiannual Euribor + 0.5% p.a. with indefinite maturity.

(*) Other: Prada, Metalic

c) Results

| Companies | Income | | | Expenses | | | |
|-----------------------------|-----------------------|---|-----------|-----------------------|---|--------|-----------|
| | Products and services | Interest and monetary and exchange variations | Total | Products and services | Interest and monetary and exchange variations | Other | Total |
| CSN Export | 1,217,362 | (116,812) | 1,100,550 | 999,692 | (100,803) | | 898,889 |
| INAL | 682,592 | | 682,592 | 321,272 | | | 321,272 |
| Companhia Metalúrgica Prada | 160,394 | | 160,394 | 55,578 | | | 55,578 |
| GalvaSud | 142,508 | | 142,508 | 219,331 | | | 219,331 |
| Cia Metalic Nordeste | 38,866 | 172 | 39,038 | 22,923 | | | 22,923 |
| INAL Nordeste | 31,005 | | 31,005 | 15,420 | | | 15,420 |
| Nacional Minérios | 20,761 | | 20,761 | 8,596 | | | 8,596 |
| CFN | | 10,657 | 10,657 | | | | |
| Sepetiba Tecon | 247 | | 247 | 329 | | | 329 |
| MRS Logística | 106 | | 106 | 211,665 | | | 211,665 |
| Itá Energética | | | | 83,480 | | | 83,480 |
| CBS Previdência | | | | | | 13,601 | 13,601 |
| Fundação CSN | | | | 11,365 | | | 11,365 |
| ERSA | | | | 22,425 | | | 22,425 |
| Cinnabar | | | | | 1,722 | | 1,722 |
| CSN Iron | | | | | (102,261) | | (102,261) |
| CSN Steel | | | | | (220,564) | | (220,564) |
| CSN Madeira | 34,982 | (2,797) | 32,185 | 8,767 | (50,950) | | (42,183) |
| CSN Islands VII | | 8,262 | 8,262 | | (30,501) | | (30,501) |
| CSN Islands VIII | | 14,620 | 14,620 | | (74,215) | | (74,215) |
| Exclusive Funds | | (253,131) | (253,131) | | | | |
| CSN Aceros | | | | | (3,007) | | (3,007) |
| CFM | 1,110 | | 1,110 | | | | |
| Total at 09/30/2007 | 2,329,933 | (339,029) | 1,990,904 | 1,980,843 | (580,579) | 13,601 | 1,413,865 |
| Total at 09/30/2006 | 1,825,116 | (532,201) | 1,292,915 | 1,618,900 | (216,653) | 99,499 | 1,501,746 |

6. CASH AND CASH EQUIVALENTS AND MARKETABLE SECURITIES

| | Consolidated | | Parent Company | |
|--|---------------------|------------------|-----------------------|----------------|
| | 9/30/2007 | 6/30/2007 | 9/30/2007 | 6/30/2007 |
| Current | | | | |
| Cash and Cash Equivalents | | | | |
| Cash and Banks | 144,995 | 446,567 | 11,081 | 37,184 |
| Financial Investments | | | | |
| In Brazil: | | | | |
| Exclusive investment funds | | | 846,498 | 1,143 |
| Brazilian government securities | 1,114,274 | 293,048 | | |
| Fixed income and debentures (net of provision for losses and withholding income tax) | 322,297 | 289,508 | 1,189 | 1,183 |
| | 1,436,571 | 582,556 | 847,687 | 2,326 |
| Abroad: | | | | |
| Time Deposits | 589,882 | 1,266,989 | 36,390 | 146,668 |
| Derivatives | 1,152,539 | 877,564 | | |
| | 1,742,421 | 2,144,553 | 36,390 | 146,668 |
| Total marketable securities | 3,178,992 | 2,727,109 | 884,077 | 148,994 |
| Total current cash and cash equivalents and marketable securities | 3,323,987 | 3,173,676 | 895,158 | 186,178 |
| Non-current | | | | |
| Investments abroad | 18,389 | 19,262 | | |
| Debentures (net of provision for losses) | 89,673 | 89,673 | 89,673 | 89,673 |
| | 108,062 | 108,935 | 89,673 | 89,673 |
| Total cash and cash equivalents and marketable securities | 3,432,049 | 3,282,611 | 984,831 | 275,851 |

The available financial resources of the Parent Company and Subsidiaries headquartered in Brazil are basically invested in exclusive investment funds, whose cash is mostly invested in repurchase operations pegged to Brazilian government securities, with immediate liquidity. Additionally, a significant portion of the financial resources of the Company and its Subsidiaries abroad is invested in Time Deposit in first-tier banks.

7. ACCOUNTS RECEIVABLE

| | Consolidated | | Parent Company | |
|--|---------------------|-----------|-----------------------|-----------|
| | 9/30/2007 | 6/30/2007 | 9/30/2007 | 6/30/2007 |
| Domestic market | | | | |
| Subsidiaries | | | 113,825 | 114,773 |
| Other customers | 760,064 | 793,721 | 461,956 | 493,883 |
| | 760,064 | 793,721 | 575,781 | 608,656 |
| Foreign market | | | | |
| Subsidiaries | | | 728,521 | 993,979 |
| Other customers | 444,959 | 603,543 | 9,353 | 5,289 |
| Advance on Export Contracts (ACE) | (183,890) | (134,834) | (183,890) | (134,834) |
| | 261,069 | 468,709 | 553,984 | 864,434 |
| Allowance for doubtful accounts | (110,406) | (109,859) | (72,137) | (70,499) |
| | 910,727 | 1,152,571 | 1,057,628 | 1,402,591 |

8. INVENTORIES

| | Consolidated | | Parent Company | |
|----------------------|---------------------|-----------|-----------------------|-----------|
| | 9/30/2007 | 6/30/2007 | 9/30/2007 | 6/30/2007 |
| Finished products | 632,295 | 607,920 | 342,318 | 318,730 |
| Work in process | 503,801 | 429,949 | 374,413 | 314,075 |
| Raw materials | 749,504 | 828,106 | 641,087 | 621,190 |
| Supplies | 553,593 | 532,352 | 463,856 | 444,892 |
| Imports in transit | 41,902 | 36,887 | 39,489 | 32,112 |
| Materials in transit | 58,614 | 124,144 | 10,163 | 4,292 |
| Provision for losses | (18,690) | (17,469) | (17,132) | (16,298) |
| | 2,521,019 | 2,541,889 | 1,854,194 | 1,718,993 |

9. DEFERRED INCOME AND SOCIAL CONTRIBUTION TAXES

(a) Deferred Income and Social Contribution Taxes

Deferred Income and Social Contribution taxes are recognized in order to reflect future tax effects attributable to temporary differences between the tax bases of assets and liabilities and their respective carrying value.

Pursuant to CVM Instruction 371, of June 27, 2002, a few Company's subsidiaries, based on the expectation of generating future taxable income, determined by technical valuation approved by Management, recognized tax credits

on tax losses carryforward and negative bases of social contribution of previous years, which have no statutory limitation and the compensation is limited to 30% of annual taxable income. The book value of deferred tax assets is reviewed periodically and projections are reviewed annually. If there are any material aspects that may change the projections, these projections are revised during the year.

| | Consolidated | | Parent Company | |
|--------------------------------|---------------------|-----------|-----------------------|-----------|
| | 9/30/2007 | 6/30/2007 | 9/30/2007 | 6/30/2007 |
| Current assets | | | | |
| Income tax | 272,258 | 323,336 | 181,796 | 232,299 |
| Social contribution | 96,445 | 114,877 | 63,798 | 81,979 |
| | 368,703 | 438,213 | 245,594 | 314,278 |
| Non-current assets | | | | |
| Income tax | 354,109 | 409,905 | 300,921 | 356,080 |
| Social contribution | 116,550 | 137,140 | 97,106 | 117,466 |
| | 470,659 | 547,045 | 398,027 | 473,546 |
| Current liabilities | | | | |
| Income tax | 98,305 | 96,828 | 93,070 | 93,054 |
| Social contribution | 35,390 | 34,858 | 33,505 | 33,500 |
| | 133,695 | 131,686 | 126,575 | 126,554 |
| Non-current liabilities | | | | |
| Income tax | 1,551,751 | 1,568,811 | 1,460,334 | 1,489,503 |
| Social contribution | 558,569 | 564,714 | 525,720 | 536,221 |
| | 2,110,320 | 2,133,525 | 1,986,054 | 2,025,724 |
| Income Statement | | | | |
| Income tax | (47,744) | (37,305) | (89,899) | (71,241) |
| Social contribution | 10,545 | 38,951 | (5,336) | 26,638 |
| | (37,199) | 1,646 | (95,235) | (44,603) |

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(b) The deferred income and social contribution taxes of the parent company are shown as follows:

| | 9/30/2007 | | | | 6/30/2007 | | | |
|---|------------|------------|---------------------|------------|------------|------------|---------------------|------------|
| | Income tax | | Social contribution | | Income tax | | Social contribution | |
| | Current | Noncurrent | Current | Noncurrent | Current | Noncurrent | Current | Noncurrent |
| Assets | | | | | | | | |
| Provisions for contingencies | 22,816 | 140,298 | 8,214 | 50,507 | 18,517 | 198,105 | 6,666 | 71,318 |
| Provision for interest on shareholders' equity | 33,743 | | 12,147 | | 18,699 | | 6,732 | |
| Provision for payment of private pension plans | | 48,974 | | 17,631 | | 52,528 | | 18,910 |
| Taxes under litigation | | 31,180 | | | | 29,785 | | |
| Tax losses | 4,580 | | | | 4,580 | | | |
| Other provisions | 120,657 | 80,469 | 43,437 | 28,968 | 190,503 | 75,662 | 68,581 | 27,238 |
| | 181,796 | 300,921 | 63,798 | 97,106 | 232,299 | 356,080 | 81,979 | 117,466 |
| Liabilities | | | | | | | | |
| Income and social contribution taxes on revaluation reserve | 93,000 | 1,460,334 | 33,480 | 525,720 | 93,000 | 1,489,503 | 33,480 | 536,221 |
| Other | 70 | | 25 | | 54 | | 20 | |
| | 93,070 | 1,460,334 | 33,505 | 525,720 | 93,054 | 1,489,503 | 33,500 | 536,221 |

(c) The reconciliation between the income and social contribution taxes expenses of the parent company and consolidated, and the application of the effective rate on net income before Corporate Income tax (IRPJ) and Social Contribution (CSL):

| | Consolidated | | Parent Company | |
|---|------------------|------------------|------------------|------------------|
| | 9/30/2007 | 9/30/2006 | 9/30/2007 | 9/30/2006 |
| Income before income and social contribution taxes | 3,298,973 | 1,470,606 | 3,195,810 | 1,363,520 |
| Combined statutory rates | 34% | 34% | 34% | 34% |

Income Tax / Social Contribution at the combined

| | | | | |
|---|--------------------|------------------|--------------------|------------------|
| statutory tax rate | (1,121,651) | (500,006) | (1,086,575) | (463,597) |
| Adjustments to reflect the effective tax rate: | | | | |
| Benefit of Interest on shareholders` equity JCP | 45,873 | 44,935 | 45,873 | 44,935 |
| Equity income of subsidiaries at different rates or which are not taxable | 208,813 | (48,558) | 294,411 | 61,141 |
| Tax incentives | 9,951 | 6,979 | 9,951 | 6,979 |
| Tax credits recorded income and social contribution taxes | | 56,714 | | 56,714 |
| Other permanent (additions) deductions | (27,707) | 53,456 | (24,596) | 7,263 |
| Income and social contribution taxes on net income for the period | (884,721) | (386,480) | (760,936) | (286,565) |
| Effective rate | 27% | 26% | 24% | 21% |

10. INVESTMENTS**a) Direct investments in subsidiaries and jointly-owned subsidiaries**

| Companies | Number of shares | | Direct Investment % | Net Income (loss) for the quarter | 9/30/2007 | Direct Investment % | Net Income (loss) for the quarter | 6/30/2007 |
|---------------------|------------------|---------------|---------------------------|---|--------------------------------------|---------------------------|---|--------------------------------------|
| | Common | Preferred | | | Shareholders | | | Shareholders |
| | | | | | Equity (unsecured liabilities) | | | Equity (unsecured liabilities) |
| Steel | | | | | | | | |
| GalvaSud | 11,801,406,867 | | 15.29 | 1,859 | 739,168 | 15.29 | 21,510 | 737,309 |
| CSN I | 3,332,250,934 | 6,664,501,866 | 99.99 | (5,381) | 676,361 | 99.99 | 11,267 | 681,742 |
| CSN Steel | 480,726,588 | | 100.00 | 22,135 | 1,468,900 | 100.00 | 167,250 | 1,495,895 |
| INAL | 421,408,393 | | 99.99 | 7,469 | 685,751 | 99.99 | 9,870 | 678,282 |
| Cia. Metalic | | | | | | | | |
| Nordeste | 87,868,185 | 4,424,971 | 99.99 | (6) | 162,474 | 99.99 | (1,135) | 162,474 |
| INAL | | | | | | | | |
| Nordeste | 37,800,000 | | 99.99 | 633 | 54,631 | 99.99 | 950 | 53,594 |
| CSN | | | | | | | | |
| Overseas | 7,173,411 | | 100.00 | 19,421 | 939,011 | 100.00 | 11,455 | 962,028 |
| CSN | | | | | | | | |
| Panama | 4,240,032 | | 100.00 | 36,540 | 622,818 | 100.00 | 9,752 | 602,125 |
| CSN | | | | | | | | |
| Energy | 3,675,319 | | 100.00 | 251,953 | 560,404 | 100.00 | (9,091) | 323,775 |
| CSN Export | 31,954 | | 100.00 | 744 | 96,804 | 100.00 | 6,441 | 99,998 |
| CSN Islands | | | | | | | | |
| VII | 1,000 | | 100.00 | (87) | 601 | 100.00 | (87) | 558 |
| CSN Islands | | | | | | | | |
| VIII | 1,000 | | 100.00 | 13 | 4,120 | 100.00 | 285 | 4,291 |
| CSN Islands | | | | | | | | |
| IX | 1,000 | | 100.00 | (797) | 6,622 | 100.00 | (845) | 7,857 |
| CSN Islands | | | | | | | | |
| X | 1,000 | | 100.00 | (938) | (25,486) | 100.00 | (1,019) | (25,610) |
| Logistics | | | | | | | | |
| Sepetiba | | | | | | | | |
| Tecon | 254,015,053 | | 100.00 | 3,740 | 166,837 | 100.00 | 2,965 | 163,096 |
| MRS | | | | | | | | |
| Logistica | 188,332,667 | 151,667,333 | 32.93 | 143,585 | 1,316,659 | 32.93 | 138,331 | 1,173,074 |
| CFN | 118,939,957 | | 45.78 | (13,990) | (134,751) | 45.78 | (14,650) | (120,761) |
| Energy | | | | | | | | |
| | 520,219,172 | | 48.75 | 6,109 | 586,396 | 48.75 | 7,514 | 580,288 |

| | | | | | | | |
|---------------|------------|-------|----------|----------|-------|-------|---------|
| Itá | | | | | | | |
| Energética | | | | | | | |
| CSN | | | | | | | |
| Energia | 1,000 | 99.90 | 3,469 | 96,975 | 99.90 | 1,384 | 93,506 |
| Mining | | | | | | | |
| ERSA | 34,236,307 | 99.99 | 14,899 | 44,637 | 99.99 | 3,427 | 29,738 |
| Nacional | | | | | | | |
| Minérios | 30,000,000 | 99.99 | 13,176 | 57,375 | 99.99 | 6,619 | 44,199 |
| Congonhas | | | | | | | |
| Minérios | 5,010,000 | 99.99 | | 5,010 | 99.99 | | 10 |
| Pelotização | | | | | | | |
| Nacional | 1,000,000 | 99.99 | | 1,000 | | | |
| Minas | | | | | | | |
| Pelotização | 1,000,000 | 99.99 | | 1,000 | | | |
| Cement | | | | | | | |
| CSN | | | | | | | |
| Cimentos | 32,779,940 | 99.99 | (13,731) | (22,243) | 99.99 | 5,321 | (8,513) |

b) Movement of investments

| Companies | 6/30/2007 | | | | 9/30/2007 | | |
|-----------------------------------|-------------------------------------|--|-------------------------|--|---|-------------------------------------|---------------------------------------|
| | Opening balance of investment | Balance of provision for losses | Addition (write-off) | Equity pick-up and provision for losses | Amortization of Goodwill ⁽¹⁾ | Closing balance of investment | Balance of provision for losses |
| Steel | | | | | | | |
| GalvaSud | 112,735 | | | 284 | | 113,019 | |
| CSN I | 681,742 | | | (5,381) | | 676,361 | |
| CSN Steel | 1,495,895 | | | (26,995) | | 1,468,900 | |
| INAL | 678,283 | | | 7,469 | | 685,752 | |
| Cia. Metalic Nordeste | 179,051 | | | (6) | (8,297) | 170,748 | |
| INAL Nordeste | 53,594 | | | 1,038 | | 54,632 | |
| CSN Overseas | 962,028 | | | (23,016) | | 939,012 | |
| CSN Panama | 602,125 | | | 20,693 | | 622,818 | |
| CSN Energy | 323,775 | | | 236,629 | | 560,404 | |
| CSN Export | 99,998 | | | (3,193) | | 96,805 | |
| CSN Islands VII | 558 | | | 43 | | 601 | |
| CSN Islands VIII | 4,291 | | | (171) | | 4,120 | |
| CSN Islands IX | 7,858 | | | (1,236) | | 6,622 | |
| CSN Islands X | | (25,610) | | 124 | | | (25,486) |
| | 5,201,933 | (25,610) | | 206,282 | (8,297) | 5,399,794 | (25,486) |
| Logistics | | | | | | | |
| Sepetiba Tecon | 163,096 | | | 3,740 | | 166,836 | |
| MRS Logistica | 386,313 | | | 47,285 | | 433,598 | |
| CFN ⁽²⁾ | | (55,288) | (40) | (6,365) | | | (61,693) |
| | 549,409 | (55,288) | (40) | 44,660 | | 600,434 | (61,693) |
| Energy | | | | | | | |
| Itá Energética | 282,890 | | | 2,978 | | 285,868 | |
| CSN Energia | 93,413 | | | 3,466 | | 96,879 | |
| | 376,303 | | | 6,444 | | 382,747 | |
| Mining | | | | | | | |
| ERSA | 75,733 | | | 14,898 | (4,058) | 86,573 | |
| Nacional Minérios | 44,199 | | | 13,176 | | 57,375 | |
| Nacional Ferrosos ⁽³⁾ | 4,989 | | (5,031) | 42 | | | |
| Minas Pelotização ⁽⁴⁾ | | | 1,000 | | | 1,000 | |
| MG Minérios ⁽⁵⁾ | | | 1,000 | | | 1,000 | |
| Congonhas Minérios ⁽⁶⁾ | 10 | | 5,000 | | | 5,010 | |
| | 124,931 | | 1,969 | 28,116 | (4,058) | 150,958 | |

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Cement

| | | | | | | |
|--------------|-----------|----------|-------|----------|----------|---------------------|
| CSN Cimentos | | (8,513) | | (13,731) | | (22,244) |
| | | (8,513) | | (13,731) | | (22,244) |
| | 6,252,576 | (89,411) | 1,929 | 271,771 | (12,355) | 6,533,933 (109,423) |
| Total | 6,252,576 | (89,411) | | | 259,416 | 6,533,933 (109,423) |

- (1) The consolidated balances of goodwill stated in item (e) of this Note compose the balance of the parent company's equity pick-up.
- (2) It refers to the reduction of capital increase in the amount of R\$40 through the capitalization of advance for future capital increase AFAC as per the Extraordinary General Meeting held on August 18, 2006.
- (3) The R\$5,031 write-off refers to the sale of the subsidiary Nacional Ferroso upon purchase and sale agreement of shares as of August 1, 2007.
- (4) The addition in the amount of R\$ 1,000 refers to the incorporation of the Company through the issue of 1 million common shares, subscribed and paid-in, in cash in the amount of R\$1,000,000, approved at the General Incorporation Meeting held on September 20, 2007.
- (5) The addition in the amount of R\$ 1,000 refers to the incorporation of the Company through the issue of 1 million common shares, subscribed and paid-in, in cash in the amount of R\$1,000,000, approved at the General Incorporation Meeting held on September 20, 2007.
- (6) The addition in the amount of R\$5,000 refers to the capital increase in cash, through the issue of 5,000,000 new common shares, subscribed and paid-in, approved at the Extraordinary General Meeting held on August 15, 2007.

c) Additional Information on the main subsidiaries

GALVASUD

GalvaSud started operating in December, 2000 and it is located in Porto Real, in the state of Rio de Janeiro. The subsidiary operates a hot-immersion galvanization line, a blank cutting line and a laser welding line focused mainly on the automotive industry, and it also operates a service center for processing of steel products.

CSN holds 15.29% of Galvasud's capital stock directly and 84.71% indirectly through its wholly-owned subsidiary CSN I.

INDÚSTRIA NACIONAL DE AÇOS LAMINADOS INAL

A company based in Araucária, State of Paraná, with establishments in the States of São Paulo, Rio de Janeiro, Paraná, Rio Grande do Sul, Pernambuco and Minas Gerais. Its objective is to reprocess and act as distributor of CSN's steel products, acting as a service and distribution center. Inal serves a number of industrial segments, such as: automotive, home appliances, home building, machinery and equipment, etc.

INAL NORDESTE

Based in Camaçari, State of Bahia, the Company has as its main purpose to reprocess and distribute CSN's steel products, operating as a service and distribution center in the Northeast region of the country.

COMPANHIA METALÚRGICA PRADA

Companhia Metalúrgica Prada was acquired in June 2006 through the subsidiary INAL. Headquartered in the city of São Paulo, Prada has branches in the States of São Paulo and Minas Gerais. The company is the largest manufacturer of metallic packaging for chemical and food industries in the country.

CIA. METALIC NORDESTE

Based in Maracanaú, State of Ceará, the main objective of which is the manufacturing of two-piece steel cans for carbonated beverages, the production of aluminum lids and holding interest in other companies.

SEPETIBA TECON

Company whose objective is to exploit the No.1 Containers Terminal of the Itaguaí Port, located in Itaguaí, State of Rio de Janeiro. This terminal is linked to Presidente Vargas Steelworks by the Southeast railroad network, which is granted to MRS Logística.

CSN ENERGIA

Its main objective is distributing and trading the surplus electric power generated by CSN and by companies, consortiums or other entities in which CSN holds an interest.

CSN Energia holds a balance receivable related to the electric power sales under the scope of the Electric Power Trade Chamber (Câmara de Comercialização de Energia Elétrica) CCEE, in the amount of R\$70,613 on September 30, 2007 (R\$69,374 on June 30, 2007), of which R\$10,952 is provisioned for with respect to the existence of judicial collection related to defaulting customers.

Of the balance receivable as of September 30, 2007, the amount of R\$59,129 (R\$59,129 at June 30, 2007) is due by concessionaires with injunctions suspending the corresponding payments. Management understands that an allowance for doubtful accounts for more than this amount is not necessary in view of the judicial measures taken by official entities of the sector.

CSN CIMENTOS

Based in Volta Redonda, State of Rio de Janeiro, CSN Cimentos is a business in the process of implementation which will have the production and trading of cement as main purpose CSN Cimentos will use as raw material the blast furnace slag from the pig iron production of Presidente Vargas Steelworks.

ESTANHO DE RONDÔNIA ERSÁ

Ersa is headquartered in the State of Rondônia, where it operates two units, one in the city of Santa Bárbara and the other in the city of Ariquemes.

The mining operation for cassiterite (tin ore) is located in Santa Bárbara and the casting operations from which metallic tin is obtained, which is one of the main raw materials used in CSN for the production of tin plates, is located in Ariquemes.

NACIONAL MINÉRIOS - NAMISA

The company is headquartered in the city of Congonhas, State of Minas Gerais, operates with the trading of iron ore obtained from small mining companies or other companies trading iron ore, and operates mainly focused on exporting this raw material.

COMPANHIA DE FOMENTO MINERAL E PARTICIPAÇÕES CFM

CFM was acquired in July 2007, and it is headquartered in Congonhas, State of Minas Gerais. CFM operates in the mining of iron ore and also owns ore processing facilities in that state. The subsidiary was acquired by CSN by through its subsidiary Nacional Minérios S.A., for the amount of US\$440 million.

d) Additional information on the main jointly-owned subsidiaries

The amounts of balance sheets and statements of income of the companies whose control is shared with other stockholders are shown as follows. The amounts were consolidated at the Company's quarterly information and financial statements according to the interest described in item (a) of this Note.

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| | 9/30/2007 | | | 6/30/2007 | | |
|--|----------------|------------------|------------------|----------------|------------------|------------------|
| | CFN | MRS | ITASA | CFN | MRS | ITASA |
| Current Assets | 36,675 | 922,467 | 81,624 | 51,111 | 686,992 | 73,634 |
| Non-Current Assets | 305,407 | 2,036,777 | 990,673 | 289,403 | 1,949,696 | 1,000,922 |
| Long-term assets | 34,931 | 268,381 | 4,024 | 37,010 | 294,871 | 3,857 |
| Investments, Property, Plant and Equipment and Deferred Charges | 270,476 | 1,768,396 | 986,649 | 252,393 | 1,654,825 | 997,065 |
| Total Assets | 342,082 | 2,959,244 | 1,072,297 | 340,514 | 2,636,688 | 1,074,556 |
| Current Liabilities | 31,066 | 960,156 | 110,441 | 32,681 | 718,781 | 105,369 |
| Non-Current Liabilities | 445,767 | 682,429 | 375,460 | 428,594 | 744,832 | 388,899 |
| Shareholders' Equity | (134,751) | 1,316,659 | 586,396 | (120,761) | 1,173,075 | 580,288 |
| Total Liabilities and Shareholders Equity | 342,082 | 2,959,244 | 1,072,297 | 340,514 | 2,636,688 | 1,074,556 |

| | 9/30/2007 | | | 9/30/2006 | | |
|---|-----------------|----------------|---------------|-----------------|----------------|---------------|
| | CFN | MRS | ITASA | CFN | MRS | ITASA |
| Net revenue | 46,628 | 1,590,808 | 149,113 | 32,912 | 1,441,931 | 147,138 |
| Cost of Goods and Services Sold | (54,208) | (840,962) | (42,446) | (45,776) | (760,908) | (34,930) |
| Gross Income (Loss) | (7,580) | 749,846 | 106,667 | (12,864) | 681,023 | 112,208 |
| Operating Revenues (Expenses) | (11,104) | (98,030) | (32,096) | (11,992) | (41,071) | (37,169) |
| Net Financial Income | (25,772) | (31,200) | (35,883) | (24,820) | (47,465) | (43,476) |
| Operating Income (Loss) | (44,456) | 620,616 | 38,688 | (49,676) | 592,487 | 31,563 |
| Non-Operating Income | 10 | (11,992) | 93 | 165 | 105 | 432 |
| Profit (Loss) before income and social contribution taxes | (44,446) | 608,624 | 38,781 | (49,511) | 592,592 | 31,995 |
| Current and deferred income and social contribution taxes | | (205,175) | (13,225) | | (201,655) | (10,918) |
| Net Income (Loss) for the period | (44,446) | 403,449 | 25,556 | (49,511) | 390,937 | 21,077 |

CIA FERROVIÁRIA NORDESTE CFN

CFN has as its main objective the exploitation and development of the public rail cargo transport service for the Northeast network. In 2006, the merger of Transnordestina into CFN was authorized, which enabled CFN to concentrate its activities and those of its subsidiary in one single company. In addition, BNDESPar became the holder of direct investment in CFN, thus allowing funds from FINOR (Northeast Investment Fund) to be used in the Transnordestina project.

MRS LOGÍSTICA

The Company's main objective is to exploit and to develop public rail cargo transport service for the Southeast network. MRS transports the iron ore from Casa de Pedra mine and raw material imported through the Port of Itaguaí, to the Presidente Vargas steelworks (UPV) in Volta Redonda. It also links the UPV steelworks to the ports of Rio de Janeiro and Santos and also to other cargo terminals in the State of São Paulo, the main market for CSN's finished goods.

ITÁ ENERGÉTICA S.A. ITASA

Itasa (Itá Energética S.A.) holds a 60.5% interest in the Itá Consortium created for the exploitation of the Itá Hydroelectric Plant pursuant to the concession agreement of December 28, 1995, and its addendum no.1 dated July 31, 2000 and entered into between the consortium holders (Itasa and Centrais Geradoras do Sul do Brasil - Gerasul, previously called Tractebel Energia S.A.) and the Brazilian Agency for Electric Energy - ANEEL.

CSN holds 48.75% of the subscribed capital and the total amount of common shares issued by Itasa, a special purpose company originally established to make feasible the construction of the Itá Hydroelectric Plant, the contracting of the supply of goods and services necessary to carry out the venture and the acquisition of financing through the offering the corresponding guarantees.

e) Goodwill on acquisition of investments

At September 30, 2007, the Company maintained recorded in its consolidated balance sheet the amount of R\$982,483 (R\$218,490 at June 30, 2007), mainly related to goodwill based on the expectation of future profits, with amortization up to five years, net of amortization.

| Goodwill on Investments: | Balance at 6/30/2007 | Additions | Amortizations/ write-off | Balance at 9/30/2007 | Investor |
|---------------------------------|-------------------------|----------------|-----------------------------|-------------------------|-----------------------|
| Parent Company | | | | | |
| Ersa | 45,996 | | (4,058) | 41,938 | CSN |
| Metalic | 16,593 | | (8,297) | 8,296 | CSN |
| Sub-total parent company | 62,589 | | (12,355) | 50,234 | |
| GalvaSud | 55,682 | | (6,960) | 48,722 | CSN I |
| Tangua / CSN LLC | 15,464 | | (3,469) | 11,995 | CSN Panama |
| Prada | 68,969 | | (3,832) | 65,137 | INAL |
| Lusosider | 14,702 | | (1,526) | 13,176 | CSN Steel Nacional |
| CFM | | 777,121 | | 777,121 | Minérios Fomento |
| Cayman Mineração do Brasil | | 15,479 | | 15,479 | Mineral |
| Others | 1,084 | | (465) | 619 | INAL |
| Total Consolidated | 218,490 | 792,600 | (28,607) | 982,483 | |

f) Additional information on indirect participations abroad:

CSN LLC

The company was incorporated in 2001 with the assets and liabilities of the extinct Heartland Steel Inc., headquartered in Wilmington, State of Delaware USA, it has an industrial plant in Terre Haute, State of Indiana USA, where there is a complex comprising a cold rolling line, a hot pickling line for spools and a galvanization line. CSN LLC is a wholly-owned, indirect subsidiary of CSN Panama.

LUSOSIDER

Lusosider Aços Planos was incorporated in 1996, providing continuity to Siderurgia Nacional - Company privatized in that year by the Portuguese Government. Located in Seixal, Portugal, it is composed of galvanization, tin plates, pickling line and cold rolling lines.

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In 2003, the Company acquired 912,500 shares issued by Lusosider Projetos Siderúrgicos, the parent company of Lusosider Aços Planos, which represented 50% of the total capital of Lusosider and on August 31, 2006, the Company acquired the remaining shares and began to hold full control of Lusosider Projetos Siderúrgicos S.A.. Lusosider Projetos Siderúrgicos is a wholly-owned and indirect subsidiary through CSN Steel.

11. PROPERTY, PLANT AND EQUIPMENT

| | Effective rate of depreciation, depletion and amortization (% per year) | Revalued Cost | Accumulated depreciation, depletion and amortization | Parent Company | |
|---|---|---------------|--|----------------|---------------------|
| | | | | 9/30/2007 | 6/30/2007 |
| | | | | Net | Net |
| Machinery and equipment | 9.80 | 7,704,938 | (324,472) | 7,380,466 | 7,541,566 |
| Mines and mineral deposits | 4.03 | 2,560,776 | (44,822) | 2,515,954 | 2,541,763 |
| Buildings | 3.64 | 959,349 | (20,962) | 938,387 | 942,607 |
| Land | | 411,668 | | 411,668 | 408,719 |
| Other assets | 20.00 | 233,828 | (104,649) | 129,179 | 117,443 |
| Furniture and fixtures | 10.00 | 103,641 | (90,380) | 13,261 | 12,724 |
| | | 11,974,200 | (585,285) | 11,388,915 | 11,564,822 |
| Property, plant and equipment in progress | | 1,137,891 | | 1,137,891 | 919,553 |
| | | 13,112,091 | (585,285) | 12,526,806 | 12,484,375 |
| | | | | | Consolidated |
| | | | | 9/30/2007 | 6/30/2007 |
| Machinery and equipment | | 9,040,249 | (640,218) | 8,400,031 | 8,536,071 |
| Mines and mineral deposits | | 2,567,950 | (45,046) | 2,522,904 | 2,541,763 |
| Buildings | | 1,568,082 | (116,096) | 1,451,986 | 1,468,682 |
| Land | | 475,211 | | 475,211 | 464,020 |
| Other assets | | 1,055,129 | (365,334) | 689,795 | 678,647 |
| Furniture and fixtures | | 126,212 | (106,628) | 19,584 | 19,113 |
| | | 14,832,833 | (1,273,322) | 13,559,511 | 13,708,296 |
| Property, plant and equipment in progress | | 1,437,116 | | 1,437,116 | 1,138,738 |
| | | 16,269,949 | (1,273,322) | 14,996,627 | 14,847,034 |

At the Extraordinary General Meeting held on April 30, 2007, pursuant to paragraphs 15 and 17 of CVM Deliberation 183/95, the shareholders approved the appraisal report, prepared by the specialized company CPConsult Soluções Integradas Ltda., which included land, buildings, improvements, Casa de Pedra Iron Ore Mine, machinery, equipment and facilities of the operating units of Volta Redonda, Arcos, Congonhas, Itaguaí, Barueri and Araucária, as well as the Company's real estate properties for operating support. The value of the assets before the appraisal was R\$10,975,004 and the new report added R\$529,175, establishing the new amount, net of depreciation.

The portion of depreciation, depletion and total write-off of the Company's revaluated assets, absorbed in the result of each year, is transferred in shareholders' equity in equal amount, from revaluation reserve to retained earnings, thus, composing the base for the distribution of dividends. This year, up to September 30, 2007, this amount net of income and social contribution taxes amounted to R\$209,962.

The Company, in order to maintain the consistency in the procedures, through CPConsult Soluções Integradas Ltda., also revaluated the assets of the subsidiaries Galvasud, Inal, Inal Nordeste, Cia Metalic, Sepetiba Tecon, Estanho de Rondônia, ERSA and CSN Cimentos, which were approved at the Extraordinary General Meetings held by the subsidiaries. The revaluations accounted for an addition of R\$239,007, which composes the balance of Revaluation Reserve of assets owned by the subsidiaries.

Depreciation, depletion and amortization expenses up to September 30, 2007 (parent company) amounted to R\$629,257 (R\$538,946 up to September 30, 2006), of which R\$619,976 (R\$530,323 up to September 30, 2006) was allocated to production costs and R\$9,281 (R\$8,623 up to September 30, 2006) was charged to selling, general and administrative expenses (amortization of deferred charges not included).

At September 30, 2007, the Company presented R\$6,548,253 (R\$6,664,929 at June 30, 2007) as revaluation of own assets and R\$234,416 at September 30, 2007 (R\$237,407 at June 30, 2007) as subsidiaries' assets net of depreciation.

Up to September 30, 2007, the assets provided as collateral for financial operations amounted to R\$47,985.

12. DEFERRED CHARGES

| | Consolidated | | Parent Company | |
|---------------------------------|--------------|-----------|----------------|-----------|
| | 9/30/2007 | 6/30/2007 | 9/30/2007 | 6/30/2007 |
| Information technology projects | 52,502 | 52,493 | 52,502 | 52,492 |
| (-) Accumulated amortization | (42,508) | (39,938) | (42,508) | (39,938) |
| Expansion projects | 193,748 | 193,748 | 193,748 | 193,748 |
| (-) Accumulated amortization | (116,155) | (108,354) | (116,155) | (108,354) |
| Pre-operating expenses | 116,428 | 131,284 | | |
| (-) Accumulated amortization | (81,877) | (89,567) | | |
| Other projects | 229,940 | 191,790 | 109,824 | 85,510 |
| (-) Accumulated amortization | (119,315) | (102,495) | (36,449) | (32,737) |
| | 232,763 | 228,961 | 160,962 | 150,721 |

The information technology projects refer to projects for automation and computerization of operating processes that aim to reduce costs and increase the Company's competitiveness.

The expansion projects are primarily related to expanding the production capacity of Casa de Pedra mine and enlarging the port of Itaguaí for the shipping of part of such production.

Amortization of the deferred charges up to September 30, 2007 was R\$41,010 (R\$45,111 up to September 30, 2006), of which R\$31,783 (R\$35,987 up to September 30, 2006) is allocated to production costs and R\$9,227 (R\$9,124 up to September 30, 2006) allocated to selling, general and administrative expenses.

Funds applied in deferred assets is amortized on a straight-line basis by the time expected for future benefits, not exceeding 10 years.

13. LOANS AND FINANCING

(a) The composition of loans and financing as of September 30, 2007 is as follows:

| | Consolidated | | | | Parent Company | | | |
|--|---------------------|----------------|------------------------|------------------|---------------------|------------------|------------------------|------------------|
| | Current Liabilities | | Noncurrent Liabilities | | Current Liabilities | | Noncurrent Liabilities | |
| | 9/30/2007 | 6/30/2007 | 9/30/2007 | 6/30/2007 | 9/30/2007 | 6/30/2007 | 9/30/2007 | 6/30/2007 |
| FOREIGN CURRENCY | | | | | | | | |
| Short-term Financing | | | | | | | | |
| Working capital | 92,100 | | | | | | | |
| | 92,100 | - | | | | | | |
| Long-Term Loans | | | | | | | | |
| Advance on Export Contracts | 67,093 | 75,596 | 380,971 | 346,716 | 67,093 | 75,596 | 380,971 | 346,716 |
| Prepayment | 161,889 | 156,498 | 1,510,685 | 1,253,792 | 414,216 | 546,715 | 2,824,568 | 2,255,416 |
| Perpetual Bonds | 27,660 | 28,973 | 1,379,175 | 1,444,650 | | | | |
| Fixed Rate Notes | 556,145 | 60,730 | 1,746,955 | 2,359,595 | 564,477 | 26,603 | 2,626,682 | 3,141,592 |
| Import Financing | 83,714 | 87,817 | 140,069 | 148,765 | 72,140 | 76,218 | 101,461 | 106,626 |
| BNDES/Finame | 1,526 | 1,602 | 84,990 | 89,024 | 1,447 | 1,520 | 80,853 | 84,692 |
| Other | 26,000 | 35,269 | 302,927 | 286,790 | 10,295 | 10,533 | 10,758 | 11,268 |
| | 924,027 | 446,485 | 5,545,772 | 5,929,332 | 1,129,669 | 737,185 | 6,025,293 | 5,946,310 |
| LOCAL CURRENCY | | | | | | | | |
| Long-Term Loans | | | | | | | | |
| BNDES/Finame | 88,119 | 87,722 | 1,049,739 | 1,047,890 | 40,345 | 40,253 | 706,893 | 706,458 |
| Debentures (Note 14) | 140,594 | 98,584 | 954,278 | 995,935 | 36,214 | 46,912 | 909,233 | 901,493 |
| Other | 22,273 | 24,712 | 74,024 | 71,398 | 92,827 | 89,123 | 5,250 | 5,250 |
| | 250,986 | 211,018 | 2,078,041 | 2,115,223 | 169,386 | 176,288 | 1,621,376 | 1,613,201 |
| Total Loans and Financing | 1,267,113 | 657,503 | 7,623,813 | 8,044,555 | 1,299,055 | 913,473 | 7,646,669 | 7,559,511 |
| Derivatives | 158,115 | 52,928 | | | 234,389 | 228,215 | | |
| Total Loans and Financing + Derivatives | 1,425,228 | 710,431 | 7,623,813 | 8,044,555 | 1,533,444 | 1,141,688 | 7,646,669 | 7,559,511 |

The Company contracts derivatives operations with the aim of minimizing significant fluctuation risks in the parity between the Real and foreign currency.

(b) At September 30, 2007, long-term installments payment of the long-term principal, by year of maturity, are as follows:

| | Consolidated | | Parent Company | |
|------------------------|---------------------|---------------|-----------------------|---------------|
| 2008 | 544,097 | 7.1% | 531,032 | 6.9% |
| 2009 | 616,362 | 8.1% | 503,411 | 6.6% |
| 2010 | 486,298 | 6.4% | 977,106 | 12.8% |
| 2011 | 686,130 | 9.0% | 357,098 | 4.7% |
| 2012 | 1,411,192 | 18.5% | 1,371,677 | 17.9% |
| After 2012 | 2,500,559 | 32.8% | 3,906,345 | 51.1% |
| <u>Perpetual Bonds</u> | 1,379,175 | 18.1% | | |
| | 7,623,813 | 100.0% | 7,646,669 | 100.0% |

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(c) Interest on loans, financing and debentures have the following annual rates:

| | Consolidated | | Parent Company | |
|-----------------|---------------------|------------------|-----------------------|------------------|
| | Local Currency | Foreign Currency | Local Currency | Foreign Currency |
| Up to 7% | 101,842 | 310,478 | 11,774 | 3,567,315 |
| From 7.1 to 9% | 383,298 | 243,311 | 291,082 | 2,075,381 |
| From 9.1 to 11% | 622,686 | 3,814,044 | 542,460 | 1,512,267 |
| Above 11% | 1,210,719 | | 945,447 | |
| Variable | 10,482 | 2,352,181 | | 234,387 |
| | 2,329,027 | 6,720,014 | 1,790,763 | 7,389,350 |
| | | 9,049,041 | | 9,180,113 |

(d) Percentage composition of total loans, financing and debentures, by contracted currency/index:

| | Consolidated | | Parent Company | |
|-------------------------|---------------------|---------------|-----------------------|---------------|
| | 9/30/2007 | 6/30/2007 | 9/30/2007 | 6/30/2007 |
| Local Currency | | | | |
| CDI | 8.04 | 8.53 | 6.65 | 7.24 |
| IGPM | 4.89 | 4.81 | 4.58 | 4.61 |
| TJLP | 12.66 | 13.05 | 8.14 | 8.58 |
| IGP-DI | 0.13 | 0.13 | 0.13 | 0.13 |
| Other currencies | | 0.05 | | |
| | 25.72 | 26.57 | 19.50 | 20.56 |
| Foreign Currency | | | | |
| US dollar | 72.34 | 72.49 | 55.51 | 53.73 |
| Yen | | | 22.38 | 23.03 |
| Euro | 0.19 | 0.34 | 0.06 | 0.06 |
| Other currencies | 1.75 | 0.60 | 2.55 | 2.62 |
| | 74.28 | 73.43 | 80.50 | 79.44 |
| | 100.00 | 100.00 | 100.00 | 100.00 |

In July 2005, the Company issued perpetual bonds amounting to US\$750 million through its subsidiary CSN Islands X Corp.. These bonds of indefinite maturity pay 9.5% p.a. and the Company has the right to settle the transaction at its face value after five (5) years, on the maturity dates for the interest.

Loans with certain agents contain certain restrictive clauses, which are being complied with.

(e) The guarantees provided for loans comprise fixed assets items, bank guarantees, sureties and securitization operations (exports), as shown in the following table. This amount does not consider the guarantees provided to subsidiaries mentioned in Note 16.

| | 9/30/2007 | 6/30/2007 |
|-------------------------------|------------------|------------------|
| Property, Plant and Equipment | 47,985 | 47,985 |
| Personal Guarantee | 69,617 | 71,745 |
| Imports | 103,984 | 111,099 |
| Securitized (Exports) | 3,686,848 | 3,224,443 |
| | 3,908,434 | 3,455,272 |

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(f) Significant amortizations and loans in the current year are as follows:

| | | | | Amortizations | | |
|-------------------------------|-----------------------------------|----------------------------|-----------|-------------------------|-----------|--|
| Company | Description | Principal (in millions) | | Settlement | | Interest rate (p.a.) |
| CSN Steel | <i>Revolving Credit Facility</i> | US\$300 | | Feb / 2007 | | 6.58% |
| CSN Export | <i>Securitization</i> | US\$43 | | Feb, May and Aug / 2007 | | 7.28% |
| CSN | BNDES | R\$ 1,100 | | Mar / 2007 | | 104.5% of CDI |
| | | | | Loans | | |
| Company | Description | Principal (in millions) | Issuance | Term | Maturity | Interest rate (p.a.) |
| CSN | BNDES | R\$ 1,100 | 1/26/2007 | 6 months | 7/26/2007 | 104.5% of CDI |
| CSN | BNDES Sub A and C Casa de Pedra | R\$ 450 | 1/26/2007 | 7 years | 2/15/2014 | Long-term Interest Rate + 2.7% to 3.2% |
| CSN | BNDES Sub B Tecar | R\$ 255 | 1/26/2007 | 7 years | 2/15/2014 | Long-term Interest Rate + 2.2% |
| CSN Cimentos | BNDES | R\$ 41 | 1/26/2007 | 7 years | 2/15/2014 | Long-term Interest Rate + 2.7% to 3.2% |
| Total financing in R\$ | | R\$ 1,846 | | | | |
| CSN | BNDES Sub A Tecar | US\$ 20 | 1/26/2007 | 7 years | 4/15/2014 | UM006 + 1.7% |
| CSN | BNDES Sub B and D - Casa de Pedra | US\$ 23 | 1/26/2007 | 7 years | 4/15/2014 | UM006 + 2.7% |

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| | | | | | | |
|--------------------------------|-------------------------------|----------------|------------|--------------|------------|--------------|
| CSN Cimentos | BNDES | US\$ 2 | 1/26/2007 | 7 years | 4/15/2014 | UM006 + 2.7% |
| CSN | Advance on Export Contract | US\$ 60 | 1/23/2007 | 2 years | 1/11/2009 | 6.00% |
| CSN | Advance on Export Contract | US\$ 20 | 1/26/2007 | 1.8 year | 11/17/2008 | 6.10% |
| CSN | Advance on Export Contract | US\$ 50 | 09/03/2007 | 1.11 year | 08/25/2009 | 6.15% |
| CSN Madeira | CSFB | US\$ 50 | 09/20/2007 | 6 months | 3/20/2008 | 5.51% |
| Total financing in US\$ | | US\$225 | | | | |

14. DEBENTURES

(a) Second issue

The total number of debentures of the second issue in the amount of R\$400,000.00, representing a total of forty thousand (40,000) debentures, was redeemed on December 1, 2006 and compensation interest of 107% of the CDI Cetip, was due on the face value balance of these debentures, as provided for in the deed.

(b) Third issue

As approved at the Board of Directors Meeting held on December 11 and ratified on December 18, 2003, the Company issued, on December 1, 2003, 50,000 registered and non-convertible debentures, unsecured debentures without preference in two tranches, for the unit face value of R\$10. These debentures were issued for a total issue value of R\$500,000. The credits generated in the negotiations with the financial institutions were received on December 22 and 23, 2003, in the amount of R\$505,029. The difference of R\$5,029, resulting from the variation of the unit price between the date of issue and of the effective trading was recorded in Shareholders' Equity as Capital Reserve, subsequently used in the share buyback program.

The debentures of this 1st tranche issue, amounting to R\$250,000, representing twenty-five thousand (25,000) debentures, were redeemed on December 1, 2006, as established for by deed and compensation interest corresponding to 106.5% of Cetip's CDI was due on these debentures until the redemption date.

The face value of the 2nd tranche of this issue is adjusted by the IGP-M plus compensation interest of 10% p.a. and its maturity is scheduled for December 1, 2008.

(c) Fourth issue

As approved at the Board of Directors Meeting held on December 20, 2005 and ratified on April 24, 2006, the Company issued, on February 1, 2006, 60,000 non-convertible and unsecured debentures, in one single tranche, with a unit face value of R\$10. These debentures were issued in the total issuance value of R\$600,000. The credits from the tradings with the financial institutions were received on May 3, 2006 in the amount of R\$623,248. The difference of R\$23,248, resulting from the variation of the unit price between date of issue and the effective trading was recorded in Shareholders' Equity as Capital Reserve and subsequently used in the stock buyback program.

Compensation interest is applied to the face value balance of these debentures, representing 103.6% of the Cetip's CDI, and the maturity of the face value is scheduled for February 1, 2012, without early redemption option.

The deeds for these issues contain certain restrictive covenants, which have been duly complied with.

15. DERIVATIVES AND FINANCIAL INSTRUMENTS**General considerations**

The Company's business mainly consists of the production of flat steel to supply the domestic and foreign markets and mining of iron ore, limestone, dolomite and tin to supply the Presidente Vargas Steelworks (UPV) needs. The Company also sells the surplus production. To finance its activities, the Company often resorts to the domestic and international capital market, and due to the debt profile it seeks, part of the Company's debt is denominated in the U.S. dollar. At September 30, 2007, the consolidated position of the outstanding derivative agreements was as follows:

| | Agreement | | Book Value | Fair Value |
|--|------------------|-------------------------|--------------|--------------|
| | Maturity | Notional Value | | |
| Variable income swap (*) | July 31,2008 | US\$ 49,223 thousand | R\$1,152,539 | R\$1,150,308 |
| Exchange swaps registered with CETIP | January 2, 2008 | US\$ 1,104,675 thousand | (R\$147,511) | (R\$149,017) |
| | November 1, 2007 | US\$ 257,345 thousand | (R\$10,002) | (R\$19,169) |
| Zinc Swaps recorded in LME (London Metal Exchange) | October 5, 2007 | 1,000 t | (R\$273) | (R\$273) |
| | October 31,2007 | 1,750 t | R\$9 | R\$9 |
| | November 30,2007 | 3,500 t | (R\$307) | (R\$307) |
| | December 31,2007 | 2,000 t | R\$25 | R\$25 |

(*)In June 2007, non-cash swap contracts in the amount of US\$458 million, were transferred from the subsidiary CSN Steel to the subsidiary CSN Madeira, through a loan agreement. The non-cash swap establishes that the counterparty financial institution undertakes to remunerate, at the end of the contract, the positive price variation of variable income assets, similar to shares and indexes traded on the stock exchange, while the subsidiary undertakes to pay the same notional value adjusted at the fixed rate of 6.2569% per annum in US dollars. In conformity with an addendum to the agreement in July 2007, the maturity of the operation was extended to July 31, 2008.

The main non-operating risk factors that can affect the Company's business are listed below, as well as a more detailed explanation about the derivatives associated with them:

I - Exchange rate risk

Although most of the Company's revenues are denominated in Brazilian reais as of September 30, 2007, R\$6,561,899 or 73% of the Company's consolidated loans and financing (except for derivatives) were contracted in foreign currency (R\$6,375,817 or 73% on June 30, 2007). As a result, the Company is subject to fluctuations in exchange and interest rates and manages the risk of the fluctuations in the amounts in Brazilian reais that will be necessary to pay the obligations in foreign currency, using a number of financial instruments, including dollar investments and derivatives,

mainly futures contracts, swaps contracts, and exchange option contracts.

a) Exchange swap transactions

Exchange swap agreements aim at protecting its liabilities denominated in foreign currency against the devaluation of the Real. Basically, the Company carried out swaps of its U.S. dollar-denominated liabilities for Bank Deposit Certificate - CDI. The notional value (reference) of these swaps at September 30, 2007 was US\$1,362,020 thousand (US\$1,415,754 thousand on June 30, 2007).

b) Metal Swap Agreement

The Company contracted Zinc swaps in order to set the price of part of its needs for the metal. Up to September 30, 2007, the Company held 8.25 thousand tonnes of Zinc with settlement based on average prices for Zinc in the months of June, July, August and September 2007. The price used to settle each agreement is the average price of the calendar month prior to the date of its settlement.

II Interest rate risk

The Company has short and long term liabilities and, consequently, exposure to fixed and floating interest rates and some indexes, such as IGP-M. The Company also has assets which can be indexed to floating interest rates, fixed interest rates and/or other indexes. In view of this exposure, the Company may carry out transactions with derivatives to manage these risks better.

III Derivatives associated with other price fluctuation risks of financial assets**a) Variable income swap agreements**

The outstanding agreements at September 30, 2007 and June 30, 2007 were as follows:

| Date of issue | Maturity date of Agreements | Notional value (US\$ thousand) | Assets | | Liabilities | | Curve value (book value) | | Fair value | |
|---------------|-----------------------------|--------------------------------|------------------|------------------|----------------|----------------|--------------------------|----------------|------------------|-------------|
| | | | 9/30/2007 | 6/30/2007 | 9/30/2007 | 6/30/2007 | 9/30/2007 | 6/30/2007 | 9/30/2007 | 6/30/2007 |
| 4/7/2003 | 7/31/2008 | 35,836 | 933,690 | 736,524 | 95,197 | 98,120 | 838,493 | 638,404 | 836,868 | 639, |
| 4/9/2003 | 7/31/2008 | 5,623 | 145,448 | 114,734 | 14,930 | 15,388 | 130,519 | 99,346 | 130,264 | 99, |
| 4/10/2003 | 7/31/2008 | 1,956 | 52,235 | 41,204 | 5,193 | 5,352 | 47,042 | 35,852 | 46,953 | 35, |
| 4/11/2003 | 7/31/2008 | 1,032 | 26,973 | 21,277 | 2,737 | 2,821 | 24,236 | 18,456 | 24,189 | 18, |
| 4/28/2003 | 7/31/2008 | 1,081 | 25,780 | 20,336 | 2,855 | 2,942 | 22,926 | 17,394 | 22,877 | 17, |
| 4/30/2003 | 7/31/2008 | 76 | 1,816 | 1,432 | 201 | 208 | 1,614 | 1,224 | 1,611 | 1, |
| 5/14/2003 | 7/31/2008 | 192 | 4,772 | 3,764 | 506 | 522 | 4,266 | 3,242 | 4,257 | 3, |
| 5/15/2003 | 7/31/2008 | 432 | 10,841 | 8,552 | 1,136 | 1,171 | 9,705 | 7,381 | 9,685 | 7, |
| 5/19/2003 | 7/31/2008 | 1,048 | 27,544 | 21,727 | 2,752 | 2,837 | 24,792 | 18,890 | 24,745 | 18, |
| 5/20/2003 | 7/31/2008 | 264 | 7,158 | 5,647 | 692 | 713 | 6,467 | 4,934 | 6,455 | 4, |
| 5/21/2003 | 7/31/2008 | 414 | 11,723 | 9,247 | 1,088 | 1,121 | 10,635 | 8,126 | 10,617 | 8, |
| 5/22/2003 | 7/31/2008 | 326 | 9,233 | 7,283 | 855 | 882 | 8,378 | 6,401 | 8,363 | 6, |
| 5/28/2003 | 7/31/2008 | 439 | 11,982 | 9,452 | 1,150 | 1,185 | 10,832 | 8,267 | 10,813 | 8, |
| 5/29/2003 | 7/31/2008 | 408 | 11,360 | 8,961 | 1,067 | 1,100 | 10,293 | 7,861 | 10,274 | 7, |
| 6/5/2003 | 7/31/2008 | 96 | 2,594 | 2,046 | 252 | 260 | 2,342 | 1,786 | 2,337 | 1, |
| | | 49,223 | 1,283,149 | 1,012,186 | 130,611 | 134,622 | 1,152,538 | 877,564 | 1,150,308 | 879, |

The purpose of these swaps is to improve the return on CSN's financial assets, increasing the exposure to variable income, which historically yields greater long term returns than the fixed income assets, thus, decreasing the impact of the cost of carrying CSN's long term debt in net, consolidated financial expenses.

b) Consolidated balance sheet classified by currency

9/30/2007

| | U.S. Dollar | Other Foreign Currencies | Reais | Total |
|---|------------------|-----------------------------|-------------------|-------------------|
| Current Assets | 768,187 | 1,777,781 | 5,502,215 | 8,048,183 |
| Cash and Cash equivalents | 42,270 | 4,736 | 97,989 | 144,995 |
| Marketable Securities | 321,644 | 1,420,777 | 1,436,571 | 3,178,992 |
| Accounts Receivable | 117,754 | 131,700 | 661,273 | 910,727 |
| Inventories | 146,855 | 176,557 | 2,197,607 | 2,521,019 |
| Insurance Claimed | | | 335,506 | 335,506 |
| Deferred Income Tax/Social Contribution | 2,553 | | 366,150 | 368,703 |
| Other | 137,111 | 44,011 | 407,119 | 588,241 |
| Non-current Assets | 218,032 | 120,475 | 17,732,120 | 18,070,627 |
| Long-term Assets | 79,482 | 53 | 1,777,707 | 1,857,242 |
| Financial Investments | 18,389 | | 89,673 | 108,062 |
| Deferred Income Tax/Social Contribution | | | 470,659 | 470,659 |
| Judicial Deposits | | | 555,297 | 555,297 |
| Other | 61,093 | 53 | 662,078 | 723,224 |
| Permanent | 138,550 | 120,422 | 15,954,413 | 16,213,385 |
| Total | 986,219 | 1,898,256 | 23,234,335 | 26,118,810 |
| Current Liabilities | 1,864,864 | 225,740 | 1,774,506 | 3,865,110 |
| Loans, Financing and Debentures | 1,070,318 | 103,867 | 251,043 | 1,425,228 |
| Suppliers | 684,960 | 109,235 | 373,204 | 1,167,399 |
| Deferred Income Tax/Social Contribution | | | 133,695 | 133,695 |
| Taxes payable | 97,765 | 8,681 | 272,140 | 378,586 |
| Other | 11,821 | 3,957 | 744,424 | 760,202 |
| Non-current Liabilities | 5,545,772 | 97 | 7,693,584 | 13,239,453 |
| Loans, Financing and Debentures | 5,545,772 | | 2,078,041 | 7,623,813 |
| Contingent Liabilities- Net of Deposits | | 55 | 3,044,515 | 3,044,570 |
| Deferred Income Tax/Social Contribution | | | 2,110,321 | 2,110,321 |
| Other | | 42 | 460,707 | 460,749 |
| Shareholders Equity | (4,954) | | 9,019,201 | 9,014,247 |
| Total | 7,405,682 | 225,837 | 18,487,291 | 26,118,810 |

IV - Credit risk

The credit risk exposure with financial instruments is managed through restricting the counterparts to large financial institutions with high credit quality. Thus, Management believes that the risk of non-compliance by the counterpart is insignificant. The Company neither maintains nor issues financial instruments for commercial purposes. The selection of clients, as well as the diversification of its accounts receivable and the control on sales financing conditions through business industrial segment are procedures adopted by CSN to minimize occasional problems with its customers.

Since part of the Companies' funds are invested in Brazilian government securities, there is exposure to the credit risk with the government.

V - Fair value

The market values were calculated according to the conditions in the local and foreign markets as of September 30, 2007, for financial transactions with identical features, such as volume and term of the transaction and maturity dates. All transactions carried out in non-organized markets (over-the-counter markets) were contracted with financial institutions previously approved by the Company's Board of Directors.

16. SURETIES AND GUARANTEES

With respect to its wholly owned and jointly-owned subsidiaries, the Company has expressed in their original currency - the following responsibilities, in the amount of R\$4,337 million, for guarantees provided:

In millions

| Companies | Currency | 9/30/2007 | 6/30/2007 | Maturity | Conditions |
|---------------------|----------|--------------|--------------|---------------|--|
| CFN | R\$ | 18.0 | 18.0 | 9/24/2008 | BNDES loan guarantees |
| CFN | R\$ | 27.3 | 27.3 | 4/4/2008 | BNDES loan guarantees |
| CFN | R\$ | 24.0 | 24.0 | 11/13/2009 | BNDES loan guarantees |
| CFN | R\$ | 20.0 | 20.0 | 2/21/2008 | BNDES loan guarantees |
| CFN | R\$ | 19.2 | 19.2 | 4/28/2008 | BNDES loan guarantees |
| CFN | R\$ | 50.0 | 50.0 | 11/29/2007 | BNDES loan guarantees |
| CFN | R\$ | 13.0 | 13.0 | 11/15/2015 | BNDES loan guarantees |
| CFN | R\$ | 20.0 | 20.0 | 11/15/2020 | BNDES loan guarantees |
| CFN | R\$ | 5.0 | 5.0 | 5/26/2008 | BNDES loan guarantees |
| CSN | | | | | |
| Cimentos | R\$ | 29.0 | 29.0 | Indeterminate | BNDES loan guarantees |
| CSN | | | | | Collateral signature in guarantee contract for tax |
| Cimentos | R\$ | 0.3 | 0.3 | Indeterminate | foreclosure |
| CSN Energia | R\$ | 1.0 | | Indeterminate | Collateral signature in guarantee contract for tax |
| INAL | R\$ | 2.8 | 2.8 | Indeterminate | foreclosure |
| INAL | R\$ | 6.1 | 6.1 | Indeterminate | Collateral signature in guarantee contract for tax |
| INAL | R\$ | 0.3 | 0.3 | Indeterminate | foreclosure |
| INAL | R\$ | 0.1 | 0.1 | Indeterminate | Collateral signature in guarantee contract for tax |
| INAL | R\$ | 0.3 | 0.3 | Indeterminate | foreclosure |
| Prada | R\$ | 0.3 | 0.3 | 1/3/2012 | Collateral signature in guarantee contract for |
| Prada | R\$ | 5.7 | | 8/28/2008 | purchase and sale of electricity |
| Sepetiba | | | | | Collateral signature in guarantee contract for |
| Tecon | R\$ | 15.0 | 15.0 | 5/5/2011 | property rental |
| Total in R\$ | | 257.4 | 250.7 | | Guarantee by CSN for issuance of Export Credit |
| CSN Islands | | | | | Note |
| VII | US\$ | 275.0 | 275.0 | 09/12/2008 | Guarantee by CSN in Bond issuance |
| CSN Islands | | | | | |
| VIII | US\$ | 550.0 | 550.0 | 12/16/2013 | Guarantee by CSN in Bond issuance |
| CSN Islands | | | | | |
| IX | US\$ | 400.0 | 400.0 | 1/15/2015 | Guarantee by CSN in Bond issuance |
| CSN Islands | | | | | |
| X | US\$ | 750.0 | 750.0 | Perpetual | Guarantee by CSN in Bond issuance |

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| | | | | | |
|----------------------|------|----------------|----------------|------------|---|
| CSN Steel | US\$ | 100.0 | 100.0 | 12/22/2011 | Guarantee by CSN in issue of Import Note |
| CSN Steel | US\$ | 20.0 | 20.0 | 10/29/2009 | Guarantee by CSN in issue of Promissory Notes |
| INAL | US\$ | 1.4 | 1.4 | 3/26/2008 | Personal guarantee for equipment financing Personal guarantee for equipment acquisition and terminal |
| Sepetiba Tecon | US\$ | 16.7 | 16.7 | 9/15/2012 | implementation Guarantee by CSN for issuance of Stand-by Letter of Credit |
| CSN Cimentos | US\$ | 15.5 | 15.5 | 4/19/2008 | for the equipment acquisition Guarantee by CSN for issuance of Stand-by Letter of Credit |
| CSN LLC Nacional | US\$ | | 11.6 | 9/25/2007 | for the steel coils acquisition Guarantee by CSN for issuance of bank guarantee for the |
| Minérios | US\$ | 20.0 | | 7/22/2008 | acquisition of Cia de Fomento Mineral e Participações - CFM |
| Nacional | | | | | Guarantee by CSN for issuance of bank guarantee for the |
| Minérios | US\$ | 30.0 | | 9/19/2008 | acquisition of Cia de Fomento Mineral e Participações - CFM |
| Nacional | | | | | Guarantee by CSN for issuance of bank guarantee for the |
| Minérios | US\$ | 20.0 | | 8/6/2008 | acquisition of Cia de Fomento Mineral e Participações - CFM |
| Nacional | | | | | Guarantee by CSN for issuance of bank guarantee for the |
| Minérios | US\$ | 20.0 | | 7/19/2010 | acquisition of Cia de Fomento Mineral e Participações - CFM |
| Total in US\$ | | 2,218.6 | 2,140.2 | | |

17. CONTINGENT LIABILITIES AND JUDICIAL DEPOSITS

The Company is currently party to several administrative and judicial proceedings involving actions claims and complaints of a number of issues. Details of the amounts recorded as provisions and the respective judicial deposits related to those actions are shown below:

| | 9/30/2007 | | | 6/30/2007 | | |
|---|----------------------|---------------------------|----------------------|----------------------|---------------------------|----------------------|
| | Judicial Deposits | Contingent Liabilities | Net Contingencies | Judicial Deposits | Contingent Liabilities | Net Contingencies |
| Short-term | | | | | | |
| Contingencies: | | | | | | |
| Labor | (35,699) | 75,471 | 39,772 | (29,763) | 58,856 | 29,093 |
| Civil | (15,336) | 15,793 | 457 | (13,536) | 15,213 | 1,677 |
| Parent Company | (51,035) | 91,264 | 40,229 | (43,299) | 74,069 | 30,770 |
| Consolidated | (54,370) | 100,074 | 45,704 | (50,684) | 84,698 | 34,014 |
| Long-term | | | | | | |
| Contingencies: | | | | | | |
| Environmental | (203) | 51,716 | 51,513 | (141) | 51,766 | 51,625 |
| Tax | | 49 | 49 | | 232 | 232 |
| | (203) | 51,765 | 51,562 | (141) | 51,998 | 51,857 |
| Legal liabilities questioned in court: | | | | | | |
| Tax | | | | | | |
| IPI premium credit | (786,808) | 1,555,925 | 769,117 | (691,499) | 1,520,046 | 828,547 |
| IPI presumed credit | | 1,120,030 | 1,120,030 | | 984,591 | 984,591 |
| CSL credit over exports | | 889,000 | 889,000 | | 854,702 | 854,702 |
| SAT | (30,570) | 109,923 | 79,353 | (29,148) | 105,274 | 76,126 |
| Education Allowance | (33,121) | 33,121 | | (33,121) | 33,121 | |
| CIDE | (25,114) | 25,114 | | (24,749) | 24,749 | |
| Income tax / Plano Verão | (20,892) | 20,892 | | (20,892) | 20,892 | |
| Other liabilities | (6,895) | 63,662 | 56,767 | | 54,996 | 54,996 |
| | (903,400) | 3,817,667 | 2,914,267 | (799,409) | 3,598,371 | 2,798,962 |
| Parent Company | (903,603) | 3,869,432 | 2,965,829 | (799,550) | 3,650,369 | 2,850,819 |
| Consolidated | (927,111) | 3,971,681 | 3,044,570 | (822,348) | 3,742,118 | 2,919,770 |
| Total short term + long term | | | | | | |
| Parent Company | (954,638) | 3,960,696 | 3,006,058 | (842,849) | 3,724,438 | 2,881,589 |
| Total short term + long term | | | | | | |
| Consolidated | (981,481) | 4,071,755 | 3,090,274 | (873,032) | 3,826,816 | 2,953,784 |

The provisions for contingencies estimated by the Company's Management were substantially based on the opinion of tax and legal advisors. These provisions are only recorded for lawsuits classified as probable losses. Additionally, the provisions include tax liabilities arising from actions taken on the Company's initiative, which are maintained and include Selic interest rates.

The Company is defending itself in other judicial and administrative proceedings (labor, civil and tax) in the approximate amount of R\$4.5 billion, of which R\$3.7 billion corresponds to tax lawsuits, R\$0.1 billion which corresponds to civil lawsuits and R\$0.7 billion which corresponds to labor and pension lawsuits. According to the Company's legal counsel, these administrative and legal proceedings are assessed as possible risk of loss. These proceedings were not accrued in accordance with accounting rules followed in Brazil.

a) Labor Actions:

Until September 30, 2007, CSN was defendant in 8,763 labor grievances (9,036 claims at June 30, 2007), or which a provision in the amount of R\$75,471 (R\$58,856 at June 30, 2007). Most of the lawsuits are related to joint and/or subsidiary responsibility, wage parity, additional allowances for unhealthy and hazardous activities, overtime and differences related to the 40% fine on FGTS (severance pay), and due to government's economic plans.

b) Civil Actions:

These proceedings, in general, arise from occupational accidents and diseases related to the Company's industrial activities. A provision in the amount of R\$ 15,793 was recorded for these claims as of September 30, 2007 (R\$15,213 as of June 30, 2007).

c) Environmental Actions:

The Company records a provision of R\$51,716 (R\$51,766 at June 30, 2007) for expenses related to environmental recovery expenditures, of plants located in the States of Rio de Janeiro, Minas Gerais and Santa Catarina.

d) Tax Proceedings:

Income and Social Contribution Taxes

(i) The Company claims the recognition of the financial and tax effects on the calculation of the income and social contribution taxes on net income, related to the write down of inflation of 51.87% in the Consumer Price Index (IPC), that occurred in January and February 1989, by a percentage of 51.87% (Plano Verão).

In 2004, the proceeding was concluded and a final and unappealable decision was issued, granting to CSN the right to apply the index of 42.72% (January 1989), from which the 12.15% already applied should be deducted. The application of the index of 10.14% (February 1989) was also granted. The proceeding is currently under expert accounting inspection.

At September 30, 2007, the Company recorded R\$330,245 (R\$329,162 at June 30, 2007) as a judicial deposit and a provision of R\$20,892 (R\$20,892 at June 30, 2007), which represents the portion not recognized by the courts.

(ii) The company filed an action questioning the levying of Social Contribution on Income on export revenues, based on Constitutional Amendment no 33/01 and in March 2004 the Company obtained an injunction authorizing the exclusion of these revenues from the aforementioned calculation basis, as well as the offsetting the amounts paid as from 2001. The lower court decision was favorable and the decision made by a court of second instance, pronounced before the appeal filed by the Federal Government at the Regional Federal Court (TRF), judged this proceeding unfavorably for CSN. Special and Extraordinary Appeals were filed at the Supreme Court of Justice (STJ) and Regional Federal Court, respectively, which have not been judged yet. An initial decision by the Federal Supreme Court (STF) was obtained suspending the effects of the decision by the Regional Federal Court. At September 30, 2007, the amount of suspended liability and the credits offset based on the aforementioned proceedings was R\$889,000 (R\$854,702 at June 30, 2007), plus Selic interest rate.

CIDE Contribution for intervention in the Economic Domain

CSN is challenging the legal validity of Law 10,168/00, which established the payment of the contribution for intervention in the economic domain on the amounts paid, credited or remitted to beneficiaries not resident in Brazil, as royalties or remuneration of supply contracts, technical assistance, trademark license agreement and exploitation of patents.

The Company made deposits in court and recorded the corresponding provision in the amount of R\$25,114 at September 30, 2007 (R\$24,749 at June 30, 2007), which include legal charges.

The lower court decision was unfavorable and the proceeding is currently under judgment at the 2nd Regional Federal Court (TRF).

Education Allowance

The Company discussed the unconstitutionality of the Education Allowance and the possible recovery of the amounts paid in the period from January 5, 1989 to October 16, 1996. The lawsuit was judged unfounded, and the Federal Regional Court maintained its unfavorable decision, which is final and unappealable.

In view of this fact, the Company attempted to pay the amount due, but FNDE and INSS did not reach an agreement as to which agency the amounts should be paid. A fine was also demanded, but CSN did not agree.

CSN filed new proceedings questioning the above-mentioned facts and deposited in court the amounts due. As of September 30, 2007, the Company recorded provision and judicial deposit in the amount of R\$33,121 (R\$33,121 at June 30, 2007).

SAT - Workers Compensation Insurance

The Company understands that it should pay the Workers Compensation Insurance SAT at the rate of 1% in all of its establishments, and not 3%, as determined by the current legislation. The amount recorded in a provision as of September 30, 2007 totals R\$109,923 (R\$105,274 at June 30, 2007), which includes legal charges.

The lower court decision was unfavorable and the proceeding is under judgment in the 2nd Region of the Federal Regional Court.

IPI premium credit on exports

The Brazilian tax laws allowed companies to recognize IPI premium credit until 1983, when the Brazilian government, through Executive act, cancelled these benefits, prohibiting companies to use these credits.

The Company challenged the constitutionality of this act and filed a claim to obtain the right to use the IPI premium credit on exports from 1992 to 2002, since only laws enacted by the legislative branch may cancel or revoke benefits prepared by prior legislation and obtained lower court favorable decision in Brazilian court, in August 2003, authorizing the utilization of said credits. The national treasury appealed against such decision and obtained a favorable decision, and the Company then filed Special and Extraordinary Appeals against this decision at the Superior Court of Justice and at the Federal Supreme Court, respectively, and is currently awaiting for decisions of said courts.

Between September 2006 and March 2007, the treasury filed 5 tax deficiency notices and 2 administrative proceedings against the Company requesting the payment in the amount of approximately R\$3.2 billion referring to the payment of taxes which were offset by IPI premium credits. In view of these executions, the distribution of dividends and the payment of interest on own capital resolved on April 30, 2007 was suspended and the amount allocated for such purpose was blocked by court decision.

On August 29, 2007, the Company offered assets in lien represented by treasury shares in the amount of R\$536 million. 25% of this amount will be substituted by judicial deposits in monthly installments performed up to December 31, 2007 and as these substitutions take place, the equivalent in shares will be released from the lien at the share price determined at the closing price of the day prior to the deposit. In view of these events, the Company's current accounts were unblocked, the court decision to suspend the dividends distribution on this date was revoked, and dividends were paid to shareholders as from September 4, 2007. On September 30, 2007, the Company maintains judicial deposits in the amount of R\$786,808, of which R\$56,609 refer to two installments of the deposits to be held up to December 2007, as mentioned above.

In mid 2007, the Superior Court of Justice issued a contrary decision to another taxpayer denying the use of these credits. This decision is subject to review by the Federal Supreme Court, which, in that event, is the highest court. The Company observed that a number of other Brazilian companies are challenging in court the same prohibition and it has been following their progress.

The Company's Management and external legal advisors assess the total loss of this cause as possible, and, thus, it does not require a provision, in conformity with the law in force and with the accounting rules adopted in Brazil. However, only the original amount referring to the credits that have been already offset, adjusted by the Selic rate, in the amount of R\$1,555,925 (R\$1,520,046 at June 30, 2007) was maintained recorded as Company liability, as it refers to a contingent credit. The difference between the total amount and the amount recorded as provision is part of the R\$4.5 billion reported above as administrative and legal proceedings, considered as possible loss.

Presumed IPI (Excise Tax) credit on inputs

The Company brought an action claiming the right to the IPI presumed credit on the acquisition of exempted, immune, non-taxed inputs, or taxed at zero rate and in May 2003, the Company obtained a preliminary court decision authorizing it to offset those liabilities related to federal taxes with the aforementioned credits.

The provision for IPI presumed credits recorded by the Company represents liability related to the payment of taxes which were offset with aforementioned credit.

On August 27, 2007 the proceeding was decided against the Company. In view of such a decision, on September 26, 2007, the Company filed a request to pay the debt amounting to R\$1,013,509 in installments. CSN is awaiting for the decision by the Federal Revenue Service. Another portion of this debt, in the amount of R\$125,297, is already under Tax Execution by the Federal Justice of Volta Redonda - Rio de Janeiro. On September 30, 2007, the Company had an amount recorded as provision in the amount of R\$1,120,030 (R\$984,591 at June 30, 2007), net of the payment of the first installment and including legal charges.

Other

The Company also recorded provisions for a number of other lawsuits referring to FGTS Supplementary Law 110/01, COFINS Law 10,833/03, PIS Law 10,637/02 and PIS/COFINS Manaus Free-Trade Zone, in the amount of R\$63,711 at September 30, 2007 (R\$55,228 at June 30, 2007), which includes legal charges.

18. SHAREHOLDERS EQUITY

| | Paid-in Capital | Reserves | Retained Earnings | Treasury Shares | Total Shareholders equity |
|--|--------------------|------------------|----------------------|--------------------|---------------------------------|
| BALANCE AT 3/31/2007 | 1,680,947 | 5,160,833 | 783,045 | (743,430) | 6,881,395 |
| Revaluation reserve of own assets | | 438,465 | | | 438,465 |
| Realization of own assets revaluation reserve, net of income and social contribution taxes | | (71,409) | 71,409 | | |
| Revaluation reserve of assets of subsidiaries | | 239,007 | | | 239,007 |
| Realization of revaluation reserve of assets of subsidiaries, net of income and social contribution taxes | | (1,953) | 1,953 | | |
| Proposed interest on shareholders` equity (R\$ 0.16668 per share) | | | (42,753) | | (42,753) |
| Net income for the quarter | | | 976,427 | | 976,427 |
| BALANCE AT 6/30/2007 | 1,680,947 | 5,764,943 | 1,790,081 | (743,430) | 8,492,541 |
| Realization of own assets revaluation reserve , net of income and social contribution taxes | | (77,006) | 77,006 | | |
| Realization of revaluation reserve of assets of subsidiaries, net of income and social contribution taxes | | (2,991) | 2,991 | | |
| Proposed interest on shareholders` equity (R\$ 0.23461 per share) | | | (60,176) | | (60,176) |
| Net income for the quarter | | | 704,958 | | 704,958 |
| BALANCE ON 9/30/2007 | 1,680,947 | 5,684,946 | 2,514,860 | (743,430) | 9,137,323 |

i. Paid-in capital

The Company's fully subscribed and paid-in capital of R\$1,680,947 is divided into 272,067,946 common book-entry shares, with no par value. Each share is entitled to one vote in the resolutions of the General Meeting.

ii. Authorized capital

The Company's capital may be increased up to 400,000,000 shares, by issuing up to 127,932,054 new book-entry shares with no par value, by decision of the Board of Directors.

iii. Legal Reserve

Recorded at the rate of 5% on the net income determined in each fiscal year, in the terms of article 193 of Law 6,404/76, up to the limit of 20% of the capital stock. The Company reached the limit for recording the legal reserve, as determined by the current legislation.

iv. Revaluation reserve

This reserve covers the revaluation of the Company's property, plant and equipment, which pursuant to CVM Deliberation 288, dated December 3, 1998, aimed to adjust the amounts of the Company's property, plant and equipment to the market value, enabling the Financial Statements to present values of the assets value closer to their market or replacement value.

In compliance with the provisions of CVM Deliberation 273, of August 20, 1998, a provision was recorded for deferred social contribution and income tax liability on the balance of the revaluation reserve (except land).

The realized portion of the revaluation reserve, through the depreciation or write off of assets, net of income and social contribution taxes, is included for purposes of calculating the dividends.

v. Treasury shares

On May 25, 2005, the board of directors approved, for a period of 360 days, the purchase of 15,000,000 shares of the Company to be held in treasury for subsequent sale and/or cancellation. Additionally, on January 29, 2007, the Board of Directors authorized the purchase of other 923,628 Company shares to be also held in treasury and further disposal and/or cancellation. The second authorization would expire on January 25, 2008, however, as the Company repurchased the totality of the shares referring to such authorization still in the first quarter, on March 27, the Board of Directors authorized the closing of the program approved on January 29, 2007.

| Number of shares purchased (in units) | Total value paid for shares | Unit cost of shares | | | Share Market value at 9/30/2007 (*) |
|---|-----------------------------------|------------------------|---------|---------|---|
| | | Minimum | Maximum | Average | |
| 15,578,128 | 743,430 | 35.88 | 75.04 | 47.72 | 2,007,086 |

(*) Last quotation of shares on 9/30/07 at the unit value of R\$128.84 per share.

While held in treasury, the shares will have no proprietorship and/or political rights.

vi. Shareholding structure

On September 30, 2007, the Company's shareholding structure was as follows:

| | Number of shares Common | Total % of shares | % excluding treasury shares |
|--|-------------------------------|----------------------|-----------------------------------|
| Vicunha Siderurgia S.A. | 116,286,665 | 42.74% | 45.34% |
| BNDSPAR | 17,085,986 | 6.28% | 6.66% |
| Caixa Beneficente dos Empregados da CSN - CBS | 11,830,289 | 4.35% | 4.61% |
| Sundry (ADR - NYSE) | 54,450,475 | 20.01% | 21.23% |
| Other shareholders (approximately 10 thousand) | 56,836,403 | 20.89% | 22.16% |
| | 256,489,818 | 94.27% | 100.00% |
| Treasury shares | 15,578,128 | 5.73% | |
| Total shares | 272,067,946 | 100.00% | |

vii. Investment policy and payment of interest on shareholders' equity and dividends

On December 11, 2000, CSN's Board of Directors decided to adopt a policy for the distribution, of profit which observing the provisions of Law 6,404/76, amended by Law 9,457/97 implies the distribution of all the Company's net profit to the shareholders, provided that the following priorities are preserved irrespective of their order: (i) corporate strategy, (ii) compliance with obligations, (iii) consummation of the necessary investments and (iv) maintenance of the company's good financial situation.

19. INTEREST ON SHAREHOLDERS' EQUITY

The calculation of interest on shareholders' equity (JCP) is based on the variation of the Long-Term Interest Rates on shareholders' equity, limited to 50% of the income for the year before income tax or 50% of retained earnings and profit reserves, where the higher of the two limits may be used, pursuant to the prevailing laws.

In compliance with CVM Deliberation 207, as of December 31, 1996 and the tax rules, the Company opted to record the proposed interest on shareholders' equity in the amount of R\$134,919 as of September 30, 2007, corresponding to the remuneration of R\$0.52602 per share, as corresponding entries against the financial expenses account, and reverse it in the same account, and presenting it in the income statement and not generating effects on net income after IRPJ/CSL, except with respect to tax effects, which recognized under income and social contribution taxes. The Company's Management will propose that the amount of interest on shareholders' equity be attributed to the mandatory minimum dividend.

20. NET REVENUES AND COST OF GOODS SOLD

| | Consolidated | | | | | |
|------------------------|-------------------------------------|------------------|--------------------------|-------------------------------------|------------------|--------------------------|
| | 9/30/2007 | | | 9/30/2006 | | |
| | Tonnes (thousand) (unaudited) | Net revenue | Cost of Goods Sold | Tonnes (thousand) (unaudited) | Net revenue | Cost of Goods Sold |
| Steel products | | | | | | |
| Domestic market | 2,596 | 4,955,073 | (2,244,122) | 2,086 | 3,799,397 | (2,455,303) |
| Foreign market | 1,370 | 2,175,337 | (1,728,873) | 1,105 | 1,750,970 | (1,471,633) |
| | 3,966 | 7,130,410 | (3,972,995) | 3,191 | 5,550,367 | (3,926,936) |
| Mining products | | | | | | |
| Domestic market | 4,172 | 208,096 | (59,374) | 2,668 | 126,412 | (59,077) |
| Foreign market | 3,179 | 261,212 | (197,460) | | | |
| | 7,351 | 469,308 | (256,834) | 2,668 | 126,412 | (59,077) |
| Other sales | | | | | | |
| Domestic market | | 757,630 | (613,644) | | 743,870 | (385,809) |
| Foreign market | | 70,700 | (9,923) | | 43,408 | (6,666) |
| | | 828,330 | (623,567) | | 787,278 | (392,475) |
| | | 8,428,048 | (4,853,396) | | 6,464,057 | (4,378,488) |

| | Parent Company | | | | | |
|------------------------|-------------------------------------|----------------|--------------------------|-------------------------------------|----------------|--------------------------|
| | 9/30/2007 | | | 9/30/2006 | | |
| | Tonnes (thousand) (unaudited) | Net revenue | Cost of Goods Sold | Tonnes (thousand) (unaudited) | Net revenue | Cost of Goods Sold |
| Steel products | | | | | | |
| Domestic market | 2,650 | 4,746,717 | (2,403,961) | 2,118 | 3,601,200 | (2,409,283) |
| Foreign market | 938 | 1,234,729 | (979,493) | 858 | 1,105,848 | (936,714) |
| | 3,588 | 5,981,446 | (3,383,454) | 2,976 | 4,707,048 | (3,345,997) |
| Mining products | | | | | | |
| Domestic market | 3,848 | 192,189 | (51,390) | 2,668 | 126,412 | (49,955) |
| Foreign market | 439 | 34,982 | (8,767) | | | |
| | 4,287 | 227,171 | (60,157) | 2,668 | 126,412 | (49,955) |

Other sales

| | | | | |
|-----------------|------------------|--------------------|------------------|--------------------|
| Domestic market | 188,023 | (108,979) | 152,585 | (113,870) |
| Foreign market | 13,044 | (18,690) | 9,484 | (6,666) |
| | 201,067 | (127,669) | 162,069 | (120,536) |
| | 6,409,684 | (3,571,280) | 4,995,529 | (3,516,488) |

21. FINANCIAL RESULT AND MONETARY AND FOREIGN EXCHANGE VARIATIONS, NET

| | Consolidated | | Parent Company | |
|--|---------------------|-----------|-----------------------|-------------|
| | 9/30/2007 | 9/30/2006 | 9/30/2007 | 9/30/2006 |
| Financial expenses: | | | | |
| Loans and financing - foreign currency | (409,624) | (479,193) | (20,021) | (27,161) |
| Loans and financing - domestic currency | (157,765) | (180,521) | (133,850) | (161,531) |
| Related parties | | | (286,309) | (326,580) |
| PIS/COFINS (taxes on revenue) on other revenues | 316,420 | (106,160) | 316,420 | (106,160) |
| Interest, fines and interest on tax in arrears | (393,721) | (142,303) | (385,291) | (135,959) |
| Other financial expenses | (93,057) | (76,404) | (63,480) | 34,488 |
| | (737,747) | (984,581) | (572,531) | (722,903) |
| Financial income: | | | | |
| Related parties | | | (253,198) | 10,886 |
| Income on financial investments, net of provision for losses | 150,741 | 151,454 | 8,946 | 45,894 |
| Income on derivatives | 338,780 | (192,350) | (142,148) | (495,550) |
| Other income | 97,006 | 44,884 | 79,079 | 24,983 |
| | 586,527 | 3,988 | (307,321) | (413,787) |
| Net financial result | (151,220) | (980,593) | (879,852) | (1,136,690) |
| Monetary variations: | | | | |
| - Assets | 1,697 | 2,519 | 1,843 | 826 |
| - Liabilities | (22,287) | (42,379) | (19,688) | (33,945) |
| | (20,590) | (39,860) | (17,845) | (33,119) |
| Exchange variations: | | | | |
| - Assets | (228,262) | (264,927) | (141,761) | (125,528) |
| - Liabilities | 901,308 | 640,614 | 1,149,828 | 702,049 |
| | 673,046 | 375,687 | 1,008,067 | 576,521 |
| Net monetary and exchange variations | 652,456 | 335,827 | 990,222 | 543,402 |

22. OTHER OPERATING EXPENSES / INCOME

| | Consolidated | | Parent Company | |
|--|---------------------|-----------|-----------------------|-----------|
| | 9/30/2007 | 9/30/2006 | 9/30/2007 | 9/30/2006 |

| | | | | |
|--|------------------|------------------|------------------|------------------|
| Other Operating Expenses | (349,691) | (256,453) | (156,914) | (213,675) |
| Provision for Actuarial Liabilities | 3,000 | (84,546) | 3,000 | (84,546) |
| Provision for Contingencies | (49,807) | (68,638) | (47,168) | (41,880) |
| Contractual Fines | (6,789) | (19,852) | (10,122) | (29,600) |
| Equipment Stoppage | (9,448) | (26,433) | (9,295) | (26,438) |
| Other | (286,647) | (56,984) | (93,329) | (31,211) |
| Other Operating Income | 263,221 | 980,469 | 13,910 | 943,623 |
| Difference in the Settlement of Losses | | 922,929 | | 922,929 |
| Indemnifications | 4,991 | 6,182 | 4,096 | 5,893 |
| Other | 258,230 | 51,358 | 9,814 | 14,801 |
| OTHER OPERATING EXPENSES / INCOME | (86,470) | 724,016 | (143,004) | 729,948 |

On January 30, 2007, the Company took part in an auction for the acquisition of the Anglo-Dutch steel company Corus Group PLC and its 603 cents a pound was beaten by the offer of the Indian Tata Steel's offer which was of 608 cents a pound.

Due to unfavorable outcome and clauses of the intent agreement for the purchase of shares of that company, signed between CSN and Corus Group PLC -, CSN recorded in the balance sheet of the first quarter of this year the accounting effects of this operation, such as: (i) consolidated expenses incurred in the project in the approximate amount of R\$113,000; and (ii) consolidated revenue related to the inducement fee^(a) in the amount of approximately R\$235,000. These amounts are included under Other expenses and Other revenues, respectively.

(a) Inducement Fee (also known as break up fee) Fee determined by the legislation of the United Kingdom, where, by force of contract, the defeated party can be reimbursed for the expenses incurred in the participation in a bidding process. This fee can be up to 1% of the value offered by the company that had its offer surpassed. In this case, the agreement between CSN and Corus Group foresaw for a maximum percentage of 1% on the offer.

23. CONSOLIDATED NON OPERATING EXPENSES AND INCOME

At September 30, 2007, the consolidated non-operating income of the Company amounted to R\$172,573 (expense of R\$1,416 at September 30, 2006). The result includes R\$182,074, referring to the gain on sale of 34,072,613 shares of Corus Group PLC, acquired by CSN for strategic reasons during the bidding process with Tata Steel for the acquisition of the total number of the shares of the Corus Group PLC's shares, which were sold in the first quarter of this year.

24. LOSS BLAST-FURNACE III

On January 22, 2006 an accident involving equipment adjacent to Blast Furnace #3 took place, mainly affecting the powder collecting system and interrupted the equipment production until the end of the first semiannual period of that year. The Company has an insurance policy for loss of profits and equipment in the maximum amount of US\$750 million, which the Management deems as sufficient to recover any losses derived from the accident. The cause of the accident had its coverage by the policy expressly recognized by the insurance companies, and the work to calculate the losses is in progress.

The amount of losses subject to indemnification shown by regulating bodies up to the closing date of this quarter was US\$445 million or R\$951 million, translated by the exchange rate as of December 31, 2006. Based on the insurance policy and confident as to the conclusion of studies about the loss, CSN requested and the insurance companies granted an advance of US\$275 million (equivalent to R\$588 million), of which R\$73 million was received in the third quarter of the year. The advanced total amount will be deducted from losses subject to indemnification, verified during the normal course of regulation process.

On September 30, 2007, the Company maintains balance receivable from losses claimed in the amount of R\$335,506 (R\$408,421 at June 30, 2007) and it does not identify any risk in such credit, taking into account the international reputation and prestige of insurance and reinsurance companies.

Following the end of the period up to the closing date of this report, the Company received another R\$66,332 in advance from losses claimed and the current balance receivable amounts to R\$269,174.

25. INFORMATION PER BUSINESS SEGMENT**(i) Consolidated balance sheet per Segment**

| | | | | | 9/30/2007 |
|---|-------------------|------------------|---------------------------------------|---------------------|-------------------|
| | Steel | Mining | Logistics, Energy and Cement | Eliminations | Total |
| Current assets | 13,052,561 | 177,984 | 542,357 | (5,724,719) | 8,048,183 |
| Marketable securities | 4,131,399 | 419 | 261,593 | (1,214,419) | 3,178,992 |
| Accounts receivable | 1,851,036 | 66,552 | 64,855 | (1,071,716) | 910,727 |
| Other | 7,070,126 | 111,013 | 215,909 | (3,438,584) | 3,958,464 |
| Non-current assets | 33,737,767 | 3,452,334 | 1,824,513 | (20,943,987) | 18,070,627 |
| Long-Term Assets | 10,509,433 | 26,507 | 311,404 | (8,990,102) | 1,857,242 |
| Investments, Property, Plant and Equipment and Deferred Charges | 23,228,334 | 3,425,827 | 1,513,109 | (11,953,885) | 16,213,385 |
| Total assets | 46,790,328 | 3,630,318 | 2,366,870 | (26,668,706) | 26,118,810 |
| Current liabilities | 7,566,667 | 222,948 | 459,852 | (4,384,357) | 3,865,110 |
| Loans, Financings and Debentures | 3,432,396 | 40,419 | 171,148 | (2,218,735) | 1,425,228 |
| Accounts payable to Suppliers | 2,131,505 | 39,203 | 58,628 | (1,061,937) | 1,167,399 |
| Other | 2,002,766 | 143,326 | 230,076 | (1,103,685) | 1,272,483 |
| Non-current liabilities | 19,938,769 | 1,584,263 | 914,234 | (9,197,813) | 13,239,453 |
| Loans, Financings and Debentures | 14,620,450 | 257,446 | 554,508 | (7,808,591) | 7,623,813 |
| Net contingencies judicial deposits | 2,976,556 | 863 | 67,151 | | 3,044,570 |
| Other | 2,341,763 | 1,325,954 | 292,575 | (1,389,222) | 2,571,070 |
| Shareholders' Equity | 19,242,395 | 1,865,604 | 992,784 | (13,086,536) | 9,014,247 |
| Total Liabilities and Shareholders' Equity | 46,747,831 | 3,672,815 | 2,366,870 | (26,668,706) | 26,118,810 |

(ii) Consolidated statement of income per Segment

| | 9/30/2007 | | | | |
|---|------------------|-----------------|------------------------------------|--------------------|------------------|
| | Steel | Mining | Logistics, Energy and Cement | Eliminations | Total |
| Net revenues from sales | 9,919,586 | 564,908 | 796,958 | (2,853,404) | 8,428,048 |
| Cost of goods sold and services rendered | (6,818,467) | (372,558) | (450,988) | 2,788,617 | (4,853,396) |
| Gross profit | 3,101,119 | 192,350 | 345,970 | (64,787) | 3,574,652 |
| Operating Revenues and Expenses | | | | | |
| Selling expenses | (471,723) | (20,268) | (10,038) | 33,847 | (468,182) |
| Administrative expenses | (258,225) | (4,078) | (49,952) | | (312,255) |
| Other operating income (expenses) | (64,547) | (306) | (21,617) | | (86,470) |
| | (794,495) | (24,652) | (81,607) | 33,847 | (866,907) |
| Net financial income | (316,151) | (7,273) | (36,590) | 208,794 | (151,220) |
| Foreign exchange and monetary variation, net | 913,388 | (2,523) | 4,083 | (262,492) | 652,456 |
| Equity in the earnings of subsidiaries (goodwill) | 2,207,951 | 10,190 | 146 | (2,300,868) | (82,581) |
| Operating income | 5,111,812 | 168,092 | 232,002 | (2,385,506) | 3,126,400 |
| Non-operating income | 174,854 | 11 | (3,957) | 1,665 | 172,573 |
| Income before income tax and social contribution | 5,286,666 | 168,103 | 228,045 | (2,383,841) | 3,298,973 |
| Income and social contribution taxes | (804,045) | (13,057) | (77,913) | 10,294 | (884,721) |
| Net income for the period | 4,482,621 | 155,046 | 150,132 | (2,373,547) | 2,414,252 |

(iii) Other consolidated information per Segment

| | 9/30/2007 | | | | |
|---|-----------|--------|------------------------------------|-----------|--|
| | Steel | Mining | Logistics, Energy and Cement | Total | |
| Depreciation, Amortization and Depletion | 646,941 | 81,596 | 81,468 | 810,005 | |
| Provision for Contingencies less Judicial Deposits | 3,022,259 | 863 | 67,152 | 3,090,274 | |
| Tax | 2,923,923 | 800 | 17,238 | 2,941,961 | |
| Labor | 45,892 | 63 | 39,076 | 85,031 | |
| Civil | 876 | | 10,482 | 11,358 | |
| Other | 51,568 | | 354 | 51,922 | |

26. STATEMENT OF ADDED VALUE

| | Consolidated | | Parent Company | |
|---|---------------------|--------------------|-----------------------|--------------------|
| | 9/30/2007 | 9/30/2006 | 9/30/2007 | 9/30/2006 |
| Revenues | | | | |
| Sales of products and services (except for refunds and discounts) | 10,355,510 | 7,967,037 | 8,016,640 | 6,227,927 |
| Allowance for doubtful accounts | (2,069) | (19,750) | (2,502) | (20,247) |
| Non-operating income | 172,563 | 1,416 | (5,138) | 1,227 |
| | 10,526,004 | 7,948,703 | 8,009,000 | 6,208,907 |
| Input purchased from third parties | | | | |
| Raw material consumed | (2,754,360) | (2,537,717) | (1,542,212) | (1,858,260) |
| Cost of goods and services sold (except for depreciation) | (821,705) | (793,950) | (1,069,288) | (764,717) |
| Materials, power, third-party services and others | (660,621) | (635,230) | (444,992) | (463,251) |
| Recovery on asset value | | 922,929 | | 922,929 |
| | (4,236,686) | (3,043,968) | (3,056,492) | (2,163,299) |
| Gross added value | 6,289,318 | 4,904,735 | 4,952,508 | 4,045,608 |
| Retentions | | | | |
| Depreciation, amortization and depletion | (810,005) | (722,716) | (670,267) | (604,991) |
| Net added value produced | 5,479,313 | 4,182,019 | 4,282,241 | 3,440,617 |
| Added value received (transferred) | | | | |
| Equity in the earnings of subsidiaries | (82,581) | (63,564) | 826,124 | 143,538 |
| Financial income/Exchange variations (gains) | 359,961 | (258,420) | (447,239) | (538,487) |
| | 277,380 | (321,984) | 378,885 | (394,949) |
| Added value to be distributed | 5,756,693 | 3,860,035 | 4,661,126 | 3,045,668 |
| DISTRIBUTION OF THE ADDED VALUE | | | | |
| Payroll and related charges | 595,213 | 439,599 | 368,266 | 351,680 |
| Taxes, fees and contributions | 2,635,379 | 2,066,948 | 2,148,685 | 1,686,495 |
| Interest and exchange variation | 111,849 | 269,378 | (290,699) | (69,463) |

| | | | | |
|--|------------------|------------------|------------------|------------------|
| Interest on shareholders' equity and dividends | 134,919 | 880,160 | 134,919 | 880,160 |
| Retained earnings in the year | 2,258,707 | 211,104 | 2,299,955 | 196,796 |
| Unrealized profit in the year | 20,626 | (7,154) | | |
| | 5,756,693 | 3,860,035 | 4,661,126 | 3,045,668 |

27. EMPLOYEES' PENSION FUND

(i) Administration of the Private Pension Plan

The Company is the principal sponsor of CBS Previdência, a private non-profit pension fund established in July 1960, main purpose of which is to pay supplementary benefits to participants in the official Pension Plan. CBS Previdência is composed of employees of CSN, CSN related companies and the entity itself, provided they sign the adherence agreement.

(ii) Description of characteristics of the plans

CBS Previdência has three benefit plans:

35% of average salary plan

It is a defined benefit plan (BD), which began on February 1, 1966, for the purpose of paying retirements (time service, special, disability or old age) on a life-long basis, equivalent to 35% of the participant's last 12 salaries. The plan also guarantees the payment of a sickness allowance to a participant on sick leave through the Official Pension Plan and it also guarantees the payment of death grant and a cash grant. The active and retired participants and the sponsors make thirteen contributions per year, which is the same as the number of benefits paid. This plan became inactive on October 31, 1977, when the new benefit plan began, and it is in process of extinction.

Supplementary average salary plan

It is a defined benefit plan (BD), which began on November 1, 1977. The purpose of this plan is to supplement the difference between the 12 last average salaries and the Official Pension Plan (Previdência Oficial) benefit, to the retired employees. It is also life-long basis. Like the 35% Average Salary Plan, there is sickness assistance, death grant and pension coverage. Thirteen contributions and payment of benefits are paid per year. This plan became inactive on December 26, 1995, since the combined supplementary benefits plan was implemented.

Combined supplementary benefit plan

Begun on December 27, 1995, it is a combined variable contribution plan (CV). Besides the programmed pension benefit, there is the payment of risk benefits (pension in activity, disability and sickness benefit). In this plan, the retirement benefit is calculated based on the accumulated total sponsors and participants contributions (thirteen per year). Upon the participant's retirement, the plan becomes a defined benefit plan and thirteen benefits are paid per year.

At September 30, 2007 and June 30, 2007, the plans are composed as follows:

| | 35% of Average Salary Plan | | Supplementation of Average Salary Plan | | Combined Supplementary Benefit Plan | | Total members | |
|--------------------------------|-----------------------------------|--------------|---|--------------|--|---------------|----------------------|---------------|
| | 9/30/2007 | 6/30/2007 | 9/30/2007 | 6/30/2007 | 9/30/2007 | 6/30/2007 | 9/30/2007 | 6/30/2007 |
| Members | | | | | | | | |
| In service | 14 | 16 | 37 | 37 | 9,953 | 9,704 | 10,004 | 9,757 |
| Retired | 5,162 | 5,277 | 4,856 | 4,885 | 531 | 514 | 10,549 | 10,676 |
| | 5,176 | 5,293 | 4,893 | 4,922 | 10,484 | 10,218 | 20,553 | 20,433 |
| Related beneficiaries: | 4,051 | 4,101 | 1,342 | 1,320 | 77 | 76 | 5,470 | 5,497 |
| Retired | | | | | | | | 5,243 |
| Total participants | | | | | | | | |
| (members/beneficiaries) | 9,227 | 9,394 | 6,235 | 6,242 | 10,561 | 10,294 | 26,023 | 25,930 |

(iii) Payment of actuarial deficit

According to the official letter 1555/SPC/GAB/COA, of August 22, 2002, confirmed by official letter 1598/SPC/GAB/COA of August 28, 2002, a proposal was approved for refinancing the reserves to amortize the sponsors' responsibility in 240 consecutive monthly installments, monetarily indexed by INPC + 6% p.a., starting June 28, 2002.

The agreement foresees the installments in advance in the event of a need for cash in the defined benefit plan and the incorporation to the updated debit balance the eventual deficits/surpluses under the sponsors responsibility, so as to preserve the equilibrium of the plans without exceeding the maximum period of amortization stipulated in the agreement.

(iv) Actuarial Liabilities

As provided by CVM Deliberation 371/00, approving the NPC 26 of IBRACON Accounting of the Employee s benefits which established new accounting practices for the calculation and disclosure, the Company s Management and its external actuaries calculated the effects arising from this practice, and has kept records in conformity with the report dated January 10, 2007.

Recognition of Actuarial Liability

The Company s Management decided to recognize the adjustments to actuarial liabilities in the results for the period of five years as from January 1, 2002, and, on December 31, 2006, the Company had recorded the total existing actuarial liability and as from January 1, 2007, there remained only the recognition of eventual gains and/or losses which will be calculated at the end of each year, when we will have the annual assessment of actuarial liabilities from the new reports issued by independent actuaries.

The current balance of the actuarial liability amounts to R\$246,530 (R\$260,158 up to June 30, 2007), calculated according to the report issued on January 10, 2007.

With respect to the recognition of the actuarial liability, the amortizing contribution related to the portion of the participants in the settlement of the insufficiency of the reserve was deducted from the present value of total actuarial obligations of the respective plans. A number of participants are disputing this amortizing contribution in court, but the Company, based on the opinion of its legal and actuarial advisers understands that this amortizing contribution was duly approved by the Department of Supplementary Pensions SPC and therefore, is legally due by the participants.

In addition, in the case of the Combined Defined Contribution Supplementary Benefit Plan, of defined contribution, which presents net asset and where the sponsor s contribution corresponds to an equal counterpart of the participants contribution, the understanding of the actuary is that up to 50% of the net actuarial asset may be used to reduce the sponsor s contribution. Accordingly, the sponsor opted to recognize 50% of this asset, in the amount of R\$7,983 in 2007 (R\$17,204 in 2006).

Main actuarial assumptions adopted in the calculation of the actuarial liabilities

| | |
|---|---|
| Methodology used | Projected credit unit method |
| Nominal discount rate for actuarial liability | 11.3% p.a. (6.0% actual and 5% inflation) |
| Expected yield rate on assets of the plan | 35% of Average Salary Plan: 15.02% p.a. Supplementation Average Salary Plan: 14.95% p.a. Combined Supplementary Benefit Plan: 17.5% p.a. |
| Estimated salary increase index | INPC + 1% (6.05%) |
| Estimated index for increase in benefits | INPC + 0% (5.00%) |
| Estimated inflation rate in the long-term | INPC + 0% (5.00%) |
| Biometric table of overall mortality | AT83 separated by gender |
| Biometric table for disability | Mercer Disability with probabilities multiplied by 2 |
| Biometric table for disability mortality | Winklevoss |
| Expected turnover rate | Fixed 2% p.a. |
| Probability of starting retirement | 35% Average Salary Plan and Supplementary Average Salary Plan: 100% on the first eligibility to a full benefit by the Plan; Combined Supplementary Benefit Plan: 55 years of age, 10 years of service and 5 years of Plan. |

CSN does not have other post-employment benefit plans.

05.01 COMMENTS ON THE COMPANY S PERFORMANCE IN THE QUARTER

SEE ITEM 08.01:

COMMENTS ON THE CONSOLIDATED PERFORMANCE IN THE QUARTER

06.01 CONSOLIDATED BALANCE SHEET - ASSETS (in thousands of reais)

| 1- CODE | 2 - DESCRIPTION | 3 - 9/30/2007 | 4 - 6/30/2007 |
|---------------|--|------------------|------------------|
| 1 | Total Assets | 26,118,810 | 25,875,196 |
| 1.01 | Current Assets | 8,048,183 | 8,666,002 |
| 1.01.01 | Cash and Cash Equivalents | 144,995 | 446,567 |
| 1.01.02 | Receivable | 1,792,636 | 2,097,270 |
| 1.01.02.01 | Accounts Receivable | 910,727 | 1,152,571 |
| 1.01.02.01.01 | Domestic Market | 760,064 | 793,721 |
| 1.01.02.01.02 | Foreign Market | 261,069 | 468,709 |
| 1.01.02.01.03 | Allowance for Doubtful Accounts | (110,406) | (109,859) |
| 1.01.02.02 | Sundry Credits | 881,909 | 944,699 |
| 1.01.02.02.01 | Employees | 4,939 | 5,039 |
| 1.01.02.02.02 | Suppliers | 172,849 | 151,914 |
| 1.01.02.02.03 | Recoverable Income and Social Contribution Taxes | 14,372 | 19,226 |
| 1.01.02.02.04 | Deferred Income Tax | 272,258 | 323,336 |
| 1.01.02.02.05 | Deferred Social Contribution | 96,445 | 114,877 |
| 1.01.02.02.06 | Other Taxes | 262,172 | 274,936 |
| 1.01.02.02.07 | Other Receivable | 58,874 | 55,371 |
| 1.01.03 | Inventories | 2,521,019 | 2,541,889 |
| 1.01.04 | Other | 3,589,533 | 3,580,276 |
| 1.01.04.01 | Marketable Securities | 3,178,992 | 2,727,109 |
| 1.01.04.02 | Prepaid Expenses | 75,035 | 80,697 |
| 1.01.04.03 | Insurance Claimed | 335,506 | 408,421 |
| 1.01.04.04 | Restricted Amounts | 0 | 364,049 |
| 1.02 | Non-Current Assets | 18,070,627 | 17,209,194 |
| 1.02.01 | Long-Term Assets | 1,857,242 | 1,912,624 |
| 1.02.01.01 | Sundry Receivable | 940,117 | 1,001,199 |
| 1.02.01.01.01 | Loans Eletrobrás | 26,557 | 26,784 |
| 1.02.01.01.02 | Securities Receivable | 240,965 | 243,560 |
| 1.02.01.01.03 | Deferred Income Tax | 354,109 | 409,905 |
| 1.02.01.01.04 | Deferred Social Contribution | 116,550 | 137,140 |
| 1.02.01.01.05 | Other Taxes | 201,936 | 183,810 |
| 1.02.01.02 | Receivable from Related Parties | 0 | 0 |
| 1.02.01.02.01 | From Associated and Related Companies | 0 | 0 |
| 1.02.01.02.02 | From Subsidiaries | 0 | 0 |
| 1.02.01.02.03 | From Other Related Parties | 0 | 0 |
| 1.02.01.03 | Other | 917,125 | 911,425 |
| 1.02.01.03.01 | Judicial Deposits | 555,297 | 553,405 |
| 1.02.01.03.02 | Securities | 108,062 | 108,935 |
| 1.02.01.03.03 | Prepaid Expenses | 133,618 | 81,529 |
| 1.02.01.03.04 | Other | 120,148 | 167,556 |
| 1.02.02 | Permanent Assets | 16,213,385 | 15,296,570 |
| 1.02.02.01 | Investments | 983,995 | 220,575 |

06.01 - CONSOLIDATED BALANCE SHEET - ASSETS (in thousands of reais)

| 1- CODE | 2- DESCRIPTION | 3- 9/30/2007 | 4- 6/30/2007 |
|---------------|---|--------------|--------------|
| 1.02.02.01.01 | In Associated/ Related Companies | 0 | 0 |
| 1.02.02.01.02 | In Associated/ Related Companies - Goodwill | 0 | 0 |
| 1.02.02.01.03 | In Subsidiaries | 0 | 0 |
| 1.02.02.01.04 | In Subsidiaries - Goodwill | 982,483 | 218,490 |
| 1.02.02.01.05 | Other Investments | 1,512 | 2,085 |
| 1.02.02.02 | Property, Plant and Equipment | 14,996,627 | 14,847,034 |
| 1.02.02.02.01 | In Operation, Net | 13,084,300 | 13,244,276 |
| 1.02.02.02.02 | In Construction | 1,437,116 | 1,138,738 |
| 1.02.02.02.03 | Land | 475,211 | 464,020 |
| 1.02.02.03 | Intangible Assets | 0 | 0 |
| 1.02.02.04 | Deferred Charges | 232,763 | 228,961 |

06.02 CONSOLIDATED BALANCE SHEET - LIABILITIES (in thousands of reais)

| 1 - CODE | 2 - DESCRIPTION | 3 - 9/30/2007 | 4 - 6/30/2007 |
|---------------|--|------------------|------------------|
| 2 | Total Liabilities | 26,118,810 | 25,875,196 |
| 2.01 | Current Liabilities | 3,865,110 | 3,994,960 |
| 2.01.01 | Loans and Financing | 1,284,634 | 611,847 |
| 2.01.02 | Debentures | 140,594 | 98,584 |
| 2.01.03 | Accounts Payable to Suppliers | 1,167,399 | 1,235,209 |
| 2.01.04 | Taxes Contributions | 697,295 | 952,312 |
| 2.01.04.01 | Salaries and Social Contributions | 185,014 | 172,905 |
| 2.01.04.02 | Taxes Payable | 378,586 | 647,721 |
| 2.01.04.03 | Deferred Income Tax | 98,305 | 96,828 |
| 2.01.04.04 | Deferred Social Contribution | 35,390 | 34,858 |
| 2.01.05 | Dividends Payable | 135,809 | 738,576 |
| 2.01.06 | Provisions | 45,704 | 34,014 |
| 2.01.06.01 | Contingencies | 100,074 | 84,698 |
| 2.01.06.02 | Judicial Deposits | (54,370) | (50,684) |
| 2.01.07 | Debts with Related Parties | 0 | 0 |
| 2.01.08 | Other | 393,675 | 324,418 |
| 2.02 | Non-Current Liabilities | 13,239,453 | 13,504,987 |
| 2.02.01 | Long-Term Liabilities | 13,234,368 | 13,499,833 |
| 2.02.01.01 | Loans and Financing | 6,669,535 | 7,048,620 |
| 2.02.01.02 | Debentures | 954,278 | 995,935 |
| 2.02.01.03 | Provisions | 5,154,890 | 5,053,295 |
| 2.02.01.03.01 | Contingencies | 3,971,681 | 3,742,118 |
| 2.02.01.03.02 | Judicial Deposits | (927,111) | (822,348) |
| 2.02.01.03.03 | Deferred Income Tax | 1,551,751 | 1,568,811 |
| 2.02.01.03.04 | Deferred Social Contribution | 558,569 | 564,714 |
| 2.02.01.04 | Debts with Related Parties | 0 | 0 |
| 2.02.01.05 | Advance for Future Capital Increase | 0 | 0 |
| 2.02.01.06 | Other | 455,665 | 401,983 |
| 2.02.01.06.01 | Provision for Pension Fund | 195,898 | 210,114 |
| 2.02.01.06.02 | Other | 259,767 | 191,869 |
| 2.02.02 | Deferred Income | 5,085 | 5,154 |
| 2.03 | Minority Interests | 0 | 0 |
| 2.04 | Shareholders Equity | 9,014,247 | 8,375,249 |
| 2.04.01 | Paid-In Capital Stock | 1,680,947 | 1,680,947 |
| 2.04.02 | Capital Reserves | 30 | 30 |
| 2.04.03 | Revaluation Reserves | 4,671,115 | 4,751,113 |
| 2.04.03.01 | Own Assets | 4,436,699 | 4,513,706 |
| 2.04.03.02 | Subsidiaries/ Associated and Related Companies | 234,416 | 237,407 |
| 2.04.04 | Profit Reserves | 147,293 | 153,078 |
| 2.04.04.01 | Legal | 336,189 | 336,189 |
| 2.04.04.02 | Statutory | 0 | 0 |

06.02 CONSOLIDATED BALANCE SHEET - LIABILITIES (in thousands of reais)

| 1 - CODE | 2 - DESCRIPTION | 3 - 9/30/2007 | 4 - 6/30/2007 |
|---------------|---------------------------------------|------------------|------------------|
| 2.04.04.03 | For Contingencies | 0 | 0 |
| 2.04.04.04 | Unrealized Income | 0 | 0 |
| 2.04.04.05 | Profit Retention | 0 | 0 |
| 2.04.04.06 | Special For Non-Distributed Dividends | 0 | 0 |
| 2.04.04.07 | Other Profit Reserves | (188,896) | (183,111) |
| 2.04.04.07.01 | Investments | 677,611 | 677,611 |
| 2.04.04.07.02 | Treasury Shares | (743,430) | (743,430) |
| 2.04.04.07.03 | Unrealized Income | (123,077) | (117,292) |
| 2.04.05 | Retained Earnings/ Accumulated Losses | 2,514,862 | 1,790,081 |
| 2.04.06 | Advance for Future Capital Increase | 0 | 0 |

07.01 CONSOLIDATED STATEMENT OF INCOME (in thousands of reais)

| 1 - CODE | 2 - DESCRIPTION | 3 - 7/1/2007 to 9/30/2007 | 4 - 1/1/2007 to 9/30/2007 | 5 - 7/1/2006 to 9/30/2006 | 6 - 1/1/2006 to 9/30/2006 |
|---------------|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| 3.01 | Gross Revenue from Sales and/or Services | 3,789,099 | 10,554,645 | 3,211,791 | 8,033,774 |
| 3.02 | Deductions from Gross Revenue | (820,499) | (2,126,597) | (618,883) | (1,569,717) |
| 3.03 | Net Revenue from Sales and/or Services | 2,968,600 | 8,428,048 | 2,592,908 | 6,464,057 |
| 3.04 | Cost of Goods and/or Services Sold | (1,698,047) | (4,853,396) | (1,679,998) | (4,378,488) |
| 3.04.01 | Depreciation and Amortization | (269,112) | (769,945) | (232,210) | (683,605) |
| 3.04.02 | Other | (1,428,935) | (4,083,451) | (1,447,788) | (3,694,883) |
| 3.05 | Gross Profit | 1,270,553 | 3,574,652 | 912,910 | 2,085,569 |
| 3.06 | Operating Income/Expenses | (298,710) | (448,252) | (531,970) | (616,379) |
| 3.06.01 | Selling | (146,860) | (468,182) | (145,282) | (351,781) |
| 3.06.01.01 | Depreciation and Amortization | (1,957) | (5,624) | (2,761) | (8,036) |
| 3.06.01.02 | Other | (144,903) | (462,558) | (142,521) | (343,745) |
| 3.06.02 | General and Administrative | (99,021) | (312,255) | (100,853) | (280,284) |
| 3.06.02.01 | Depreciation and Amortization | (11,046) | (34,436) | (10,362) | (30,960) |
| 3.06.02.02 | Other | (87,975) | (277,819) | (90,491) | (249,324) |
| 3.06.03 | Financial | 56,113 | 501,236 | (436,994) | (644,766) |
| 3.06.03.01 | Financial Income | 300,851 | 586,527 | (24,282) | 3,988 |
| 3.06.03.02 | Financial Expenses | (244,738) | (85,291) | (412,712) | (648,754) |
| 3.06.03.02.01 | Foreign Exchange and Monetary Variation, net | 188,136 | 652,456 | (10,368) | 335,827 |
| 3.06.03.02.02 | Financial Expenses | (432,874) | (737,747) | (402,344) | (984,581) |
| 3.06.04 | Other Operating Income | 11,317 | 263,221 | 277,460 | 980,469 |
| 3.06.05 | Other Operating Expenses | (92,915) | (349,691) | (98,097) | (256,453) |
| 3.06.06 | Equity pick-up | (27,344) | (82,581) | (28,204) | (63,564) |
| 3.07 | Operating Income | 971,843 | 3,126,400 | 380,940 | 1,469,190 |

07.01 CONSOLIDATED STATEMENT OF INCOME (in thousands of reais)

| 1 - CODE | 2 - DESCRIPTION | 3 - 7/1/2007 to 9/30/2007 | 4 - 1/1/2007 to 9/30/2007 | 5 - 7/1/2006 to 9/30/2006 | 6 - 1/1/2006 to 9/30/2006 |
|---------------------|--|--|--|--|--|
| 3.08 | Non-Operating Income | (7,796) | 172,573 | 1,578 | 1,416 |
| 3.08.01 | Income | 6,750 | 844,097 | 7,501 | 26,659 |
| 3.08.02 | Expenses | (14,546) | (671,524) | (5,923) | (25,243) |
| 3.09 | Income before Taxes/ Profit Sharing | 964,047 | 3,298,973 | 382,518 | 1,470,606 |
| 3.10 | Provision for Income and Social Contribution Taxes | (158,003) | (847,522) | (254,743) | (388,127) |
| 3.11 | Deferred Income Tax | (106,868) | (37,199) | 206,468 | 1,646 |
| 3.11.01 | Deferred Income Tax | (78,567) | (47,744) | 145,464 | (37,305) |
| 3.11.02 | Deferred Social Contribution | (28,301) | 10,545 | 61,004 | 38,951 |
| 3.12 | Statutory Profit Sharing /Contributions | 0 | 0 | (15) | (15) |
| 3.12.01 | Profit Sharing | 0 | 0 | (15) | (15) |
| 3.12.02 | Contributions | 0 | 0 | 0 | 0 |
| 3.13 | Reversal of Interest on Shareholders equity | 0 | 0 | 0 | 0 |
| 3.14 | Minority Interest | 0 | 0 | 0 | 0 |
| 3.15 | Income/Loss for the Period | 699,176 | 2,414,252 | 334,228 | 1,084,110 |
| | OUTSTANDING SHARES, EX-TREASURY (in thousands) | 256,490 | 256,490 | 257,413 | 257,413 |
| | EARNINGS PER SHARE (in reais) | 2.72594 | 9.41266 | 1.29841 | 4.21156 |
| | LOSS PER SHARE (in reais) | | | | |

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**08.01 COMMENTS ON THE CONSOLIDATED
PERFORMANCE IN THE QUARTER**

Production

CSN's crude steel production totaled 1.39 million tonnes in the 3Q07, 10% up year-on-year and 4% higher than the previous quarter.

Output of rolled steel from the Presidente Vargas plant came to 1.18 million tonnes in the third quarter, 10% less than in the 2Q07 and 13% down year-on-year. These reductions were chiefly due to rolling mill maintenance, which was carried out and concluded in August/07.

The following chart shows output per product in the 3Q07 compared to previous quarters.

| Production (in thousand t) | 3Q06 | 2Q07 | 3Q07 | 9M06 | 9M07 | 2Q07 x | 3Q07 x |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|
| | | | | | | 3Q06 | 2Q07 |
| | | | | | | (Chg. %) | (Chg. %) |
| Crude Steel (P Vargas Mill) | 1,259 | 1,338 | 1,390 | 2,192 | 4,049 | 10% | 4% |
| Purchased Slabs from Third Parties | 276 | - | - | 892 | 25 | - | - |
| Total Crude Steel | 1,535 | 1,338 | 1,390 | 3,084 | 4,074 | -9% | 4% |
| Rolled Products * (UPV) | 1,359 | 1,305 | 1,180 | 2,925 | 3,656 | -13% | -10% |
| Hot Coil Acquired from Third Parties | 31 | - | - | - | - | - | - |
| Total Rolled Products | 1,390 | 1,305 | 1,180 | 2,925 | 3,656 | -15% | -10% |

* Products delivered for sale, including shipments to CSN Paraná and GalvaSud.

Production Costs (parent company)

In the third quarter, CSN's total production cost was **R\$ 1.17 billion, R\$ 221 million, or 16%, below the 3Q06 figure**, mainly due to the non-use of slabs and coils acquired from third parties in the 3Q07, which **reduced costs by R\$275 million**. This more than offset the R\$ 23 million upturn due to the maintenance of CSN's Presidente Vargas Steel Plant rolling mills in August/07; the R\$ 16 million increase in labor costs due to the 5% wage increase and bonus award following the collective bargaining agreement in May/07; and the R\$ 15 million rise in depreciation expenses due to the revaluation of the Company's assets in the 2Q07.

Between January and September, CSN's total production cost came to R\$ 3.51 billion, very close to the R\$ 3.48 billion incurred in the 9M06. The main period variations were as follows:

Raw materials:

A total reduction of R\$ 329 million, due to the decline in production costs thanks to the growing non-use of slabs and coils acquired from third parties throughout 2007 (positive contribution of R\$ 800 million).

On the other hand, the return to full production in the Presidente Vargas Steel Mill pushed up raw material consumption and, consequently, total costs, as detailed below:

- Iron ore and pellets: increase of R\$ 137 million;
- Imported coal and acquired coke: growth of R\$ 129 million;
- Metals (aluminum, zinc and tin): rise of R\$ 132 million;
- Other raw materials: upturn of R\$ 72 million.

Equipment Maintenance: increase of approximately R\$ 119 million;

Supplies, Utilities and Third-party Services: growth of R\$ 126 million;

Energy (natural gas, electric power and fuel): upturn of R\$ 30 million;

Labor: rise of R\$ 26 million, due to the 5% wage hike and bonus awarded by the collective bargaining agreement in May/07;

Depreciation: increase of R\$ 43 million due to the revaluation of the Company's assets in the 2Q07;

Other increases: R\$ 19 million.

In the particular case of slabs, production costs remained flat compared to 2Q07, around R\$ 520/t.

Sales

Domestic market sales volume totaled **967,000 tonnes** in the 3Q07, **6% up** on the previous quarter, reflecting the healthy commercial scenario triggered by Brazil's sound economy. In year-on-year terms, **sales moved up by an even bigger 22%**.

Due to the buoyant demand in Brazil, third-quarter export volume **fell by 25%** over the 2Q07 to 382,000 tonnes. In comparison with the 3Q06, the reduction came to 18%, due to the strategic necessity of keeping the domestic market supplied, thereby ensuring better margins.

Year-to-date sales moved up 24% over the 9M06.

Looking solely at the 3Q07, CSN's total sales (domestic + exports) stood at 1.35 million tonnes, 5% down on the 2Q07. In year-on-year terms, however, they climbed 7%, chiefly due to strong domestic demand for the Company's products.

Also in the third quarter, CSN recorded a 36% share of the domestic flat steel market (hot-rolled + cold-rolled + galvanized + tin mill products), 1% up on the 2Q07 and 3Q06 and its highest quarterly share in 2007. The automotive and distribution sectors deserve special highlight, as they grew by 1% and 4% respectively compared to 2Q07. The Company also strengthened its leading position in civil construction sector, in which CSN's galvanized products have more than 85% share, supported by sales of Galvalume and coated products.

The distribution sector led the consumption rankings in the 3Q07, absorbing 44% of the Company's sales, followed by the automotive, packaging, home appliance/OEM and construction industries, which recorded 16%, 14%, 13% and 13% of total sales, respectively.

This segmentation was practically in line with the 2Q07, except for the distribution segment, whose share increased by 1%.

Prices

The series of domestic price increases that began in June/07 was concluded in the third quarter, with **rolled products moving up by between 4% and 6%**. Due to the sales mix, however, net revenue in a per tonne basis only increased by 1% over the 2Q07, due to thriving demand from sectors making intensive use of non-coated products. In comparison with the 3Q06, hot-rolled and galvanized prices **climbed by 12% and 15%**, respectively. Average export prices in Reais remained flat, even absorbing the period currency appreciation.

Mining

All estimated iron ore sales volume for 2008 and 2009 (CSN and NAMISA) is already sold.

√ PRODUCTION

The Casa de Pedra mine produced 3.87 million tonnes in the 3Q07, 322,000 tonnes less than in the previous quarter. Year-to-date production totaled **11.71 million tonnes**. Sinter feed accounted for 56% of output in the quarter. Lump ore and pellet feed accounted for 21% and 19%, respectively, and hematitinha a type of hematite for 4%. Nacional Minérios (NAMISA), through its subsidiary CFM, **recorded 3Q07 production of 1.27 million tonnes**. The Presidente Vargas Steel Mill absorbed **5.27 million tonnes** of casa de pedra's period output.

| Casa de Pedra Production (in thousand t) | | | | |
|--|--------------|--------------|---------------|--|
| Product | 2Q07 | 3Q07 | 9M07 | |
| Lump Ore | 873 | 818 | 2,472 | |
| Sinter Feed | 2,161 | 2,170 | 6,225 | |
| Pellet Feed | 856 | 722 | 2,337 | |
| Hematitinha | 297 | 156 | 680 | |
| Total | 4,187 | 3,866 | 11,714 | |

√ SALES

Third-quarter **consolidated iron ore sales volume totaled 3.31 million tonnes, 59% up on the previous three months, basically due to increased sales by CSN and to NAMISA's increased share of sales, following the acquisition of CFM (Companhia de Fomento Mineral)**. In the first nine months, **sales volume reached 6.54 million tonnes**. The domestic market absorbed 51% of this total, or **3.36 million tonnes**. Exports accounted for 49%, or 3.18 million tonnes of shipped iron ore.

√ INVENTORIES

At the close of the 3Q07, consolidated iron ore inventories, including those of CFM, stood at **12.36 million tonnes**.

Consolidated Production Figures

| | (in million t) | | | | | | | |
|---------------------------------------|----------------|------|------|------|------|------|------|------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Production | | | | | | | | |
| Casa de Pedra | 17.0 | 30.0 | 40.0 | 55.0 | 65.0 | 65.0 | 65.0 | 65.0 |
| NAMISA (incl. CFM) | 6.5 | 7.5 | 8.5 | 9.0 | 9.0 | 9.0 | 9.0 | 9.0 |
| Purchases from Third Parties (NAMISA) | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 |

| | | | | | | | | |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| TOTAL PRODUCTION | 30.5 | 44.5 | 55.5 | 71.0 | 81.0 | 81.0 | 81.0 | 81.0 |
| Domestic Market | | | | | | | | |
| Volta Redonda | 8.3 | 8.3 | 8.3 | 8.5 | 8.5 | 8.5 | 8.5 | 8.5 |
| Slab Mill I (4,5 mtpa) | 0.0 | 0.0 | 0.0 | 0.0 | 4.2 | 7.2 | 7.2 | 7.2 |
| Slab Mill II (4,5 mtpa) | 0.0 | 0.0 | 0.0 | 1.0 | 7.2 | 7.2 | 7.2 | 7.2 |
| Other (Domestic Market) | 6.3 | 6.3 | 6.3 | 6.3 | 6.3 | 6.3 | 6.3 | 6.3 |
| TOTAL DOMESTIC MARKET | 14.6 | 14.6 | 14.6 | 15.8 | 26.2 | 29.2 | 29.2 | 29.2 |
| EXPORTS | 23.2 | 31.2 | 42.0 | 55.0 | 58.0 | 53.0 | 53.0 | 53.0 |
| PORT CAPACITY | 25.2 | 35.0 | 47.0 | 60.0 | 70.0 | 70.0 | 70.0 | 70.0 |
| TOTAL SALES (excl. CSN) | 29.5 | 37.5 | 48.3 | 61.3 | 64.3 | 59.3 | 59.3 | 59.3 |
| TOTAL SALES (incl. CSN) | 37.8 | 45.8 | 56.6 | 70.8 | 84.2 | 82.2 | 82.2 | 82.2 |

Net Revenue

Year-to-date net revenue totaled R\$ 8.4 billion, 30% higher compared to the same period of 2006 a new record high.

Net revenue totaled almost **R\$ 3 billion** In the 3Q07, **15%** up year-on-year due to the price and volume trends mentioned previously.

Revenue remained virtually flat over the 2Q07, given that the 3Q07 mix, which favored domestic sales, offset the strategic reduction in export volume.

| Net Revenue | STEEL | | | MINING * | | | OTHER | TOTAL |
|--------------------------|----------|---------|-------|-------------|---------|-------|-------|-------|
| | Domestic | Exports | Total | Domestic | Exports | Total | | |
| Volume (thousand tonnes) | 966 | 382 | 1,348 | 1,632 | 1,682 | 3,315 | - | - |
| Net Revenue (R\$ MM) | 1,854 | 630 | 2,484 | 95 | 135 | 230 | 255 | 2,969 |

* Including only iron ore figures.

Other Operating Revenue and Expenses

Other operating revenue and expenses totaled **R\$ 327 million** in the 3Q07, an increase of **R\$ 260 million** over the R\$ 67 million recorded in the 3Q06, chiefly due to **non-recurring revenue of R\$ 253 million in the 3Q06** from provisions for lost earnings.

In comparison with the previous quarter, other operating revenues and expenses fell by **R\$ 51 million, essentially due to the R\$ 49 million reduction in SG&A expenses.**

Regarding the lost earnings provoked by the accident to installation adjacent to Blast Furnace #3 in January/06, in the 3Q07 CSN received **R\$ 73 million in advances from insurers**. By the close of the quarter, the Company had received **R\$ 588 million**, R\$ 112 million of which in 2007 and the remainder in 2006.

The Company expects to receive a total of between US\$ 600 million and US\$ 650 million from the insurers, including the amount already advanced.

EBITDA

Year-to-date EBITDA of R\$ 3.6 billion is a new historical high for the Company.

EBITDA totaled R\$ 1.30 billion in the 3Q07, 43% up year-on-year and **R\$ 24 million** more than in the 2Q07.

Year-to-date EBITDA came to **R\$ 3.60 billion**, **66% higher** than in the 9M06.

The **consolidated EBITDA margin stood at 44% in the third quarter**, an improvement over the 43% recorded in the 2Q07. Between January and September, **the margin moved up nine percentage points** year-on-year.

The parent company's EBITDA margin reached a hefty **54%** in July/07.

Financial Result and Indebtedness

The 3Q07 net financial result was a positive R\$ 56 million, against a negative R\$ 437 million in the 3Q06, representing an improvement of R\$ 493 million.

The main factors contributing to this result were:

- Gains from treasury operations and short-term financial investments, totaling R\$ 258 million;

- Monetary and exchange gains of R\$ 188 million, basically due to the appreciation of the Real against the dollar in the 3Q07;

- Provisions for interest on loans and financing in the amount of R\$ 177 million;

- The addition of R\$ 139 million to provisions for presumed IPI tax credits on raw materials acquisitions, as part of the request to the Brazilian IRS for the tax debt to be divided into installments;

- Other provisions for interest on taxes and fiscal debts due totaling approximately R\$ 80 million.

In quarter-over-quarter terms, the net financial result fell from a positive R\$ 391 million to a positive R\$ 56 million, a **reduction of R\$ 335 million, chiefly due to the non-recurring reversal of R\$ 328 million in provisions for PIS/COFINS taxes** related to a judicial dispute regarding the legality of the amplification of the taxable base (Law 9.718/99).

The net debt increased from R\$ 5,472 million, at the end of the 2Q07, to **R\$ 5,617 million on September 30, 2007**, due to the following factors:

Payment of R\$ 685 million to CSN shareholders as the remaining balance of dividends and interest on equity relative to 2006, as approved by the AGM of April 30, 2007;

The acquisition of CFM in July 2007, involving disbursements of R\$ 656 million;

Investments of R\$ 415 million in the 3Q07;

Payment of income and social contribution taxes totaling R\$ 351 million.

However, these effects were partially offset by:

EBITDA of R\$ 1,307 million in the 3Q07;

The release of R\$ 364 million in judicial deposits for the payment of dividends in September/07;

The reduction in the average cost of the debt, resulting in a decline of around R\$ 260 million;

The reception of a further R\$ 73 million as advances from insurers relative to the Blast Furnace #3 claim.

The Net Debt/EBITDA ratio continued on its downward trajectory since the end of 2006, falling from 1.74x last 12-months EBITDA in December 2006 to 1.27x last 12-months EBITDA at the close of September 2007.

Non-operating Revenue / Expenses

The Company's 3Q07 non-operating result was a negative R\$ 8 million, essentially due to divestments and assets write-offs.

Income Taxes

Consolidated third-quarter income and social contribution taxes totaled R\$ 265 million, R\$ 217 million up year-on-year, primarily due to the increase in taxable income, as explained in previous sections.

Net Income

CSN posted a 3Q07 net income of R\$ 699 million, R\$ 365 million more than in the same period last year. The main variations contributing to this improvement were as follows:

An increase of R\$ 358 million in gross profit, due to net revenue growth of R\$ 376 million, coupled with the fact that

COGS only moved up by R\$ 18 million;

The R\$ 493 million improvement in the net financial result, primarily caused by the appreciation of the Real and gains from treasury operations.

On the other hand, these substantial gains were partially offset by:

The non-recurring 3Q06 booking of R\$ 253 million in provisions for lost earnings under other operating revenue;
A R\$ 217 million increase in income and social contribution taxes, due to the Company's improved results.

Compared with the 2Q07 figure of R\$ 952 million, net income fell by R\$ 253 million due to the following factors:

The already mentioned 2Q07 non-recurring reversal of R\$328 million in provisions for PIS/COFINS taxes;
Complementary R\$ 139 million in the provision regarding presumed IPI tax credits on input acquisitions, as part of the request to the Federal Revenue Service to pay the debit in installments;
Treasury operation gains of approximately R\$ 132 million;
The R\$ 26 million reduction in gross profit ;
A R\$ 44 million reduction in distribution costs;
The positive impact of R\$ 64 million in income and social contribution taxes due to the better performance in the 2Q07.

Capex

CSN invested R\$ 457 million in fixed and deferred assets in the 3Q07, giving a year-to-date total of R\$ 999 million.

The parent company absorbed R\$ 299 million of the third-quarter total, most of which went to the expansion of the Casa de Pedra mine, the Long Steel Plant on the Presidente Vargas site and scheduled equipment maintenance and repairs.

The Long Steel Plant marks the Company's debut in a new segment. The facility will have a production capacity of 500,000 tonnes p.a. of reinforcement bars and wire rods, mostly geared towards the domestic market, especially industry and construction.

The remaining investments went to the subsidiaries, particularly MRS Logística, CSN Cimentos, CFN and, for the first time, the **incorporation of the assets of Companhia de Fomento Mineral (CFM)**, which CSN acquired in July 2007 through its wholly-owned subsidiary, Nacional Minérios S.A(NAMISA).

CSN:

√ Expansion of the Casa de Pedra mine: R\$ 108 million;

√ Maintenance and repairs: R\$ 54 million;

√ Long Steel Plant: R\$ 21 million;

√ Expansion of the port of Itaguaí: R\$ 13 million.

Subsidiaries:

√ MRS (transportation and logistics): R\$ 56 million;

√ CSN Cimentos: R\$ 30 million;

√ CFN: R\$ 12 million;

√ CFM: R\$ 47 million.

The remainder went to smaller maintenance and technological projects designed to improve the operational efficiency of the Company and its subsidiaries.

In addition, the Company booked goodwill from the acquisition of CFM in the amount of R\$ 793 million in its investments line. The goodwill from CSN's investments is based on expectations of future profits and amortizations are scheduled to 5 years. At the close of September 2007, remaining goodwill totaled R\$982 million.

The acquisition of CFM is worth up to US\$ 440 million, US\$ 100 million of which was paid upon the signature of the purchase agreement and a further US\$ 250 million on August 1, 2007. The remaining US\$ 90 million may be paid in four installments within two years upon fulfillment of certain conditions in the purchase agreement.

Working Capital

| On September 30, 2007, working capital invested in the business totaled R\$ 1.9 billion, 11% down on the June 30, 2007. The decrease was due to the R\$ 302 million reduction in cash and cash equivalents and the R\$208 million decline in accounts receivable - Domestic Market exports in comparison with the 2Q07. These impacts were partially offset by the R\$136 million and R\$110 million, respective decreases in taxes payable and advances to clients . | WORKING CAPITAL | | | R\$ MM |
|--|------------------------|--------------|----------------|-------------|
| | 2Q07 | 3Q07 | Chg.(%) | |
| Assets | 4,294 | 3,750 | | 544 |
| Cash | 447 | 145 | | 302 |
| Accounts Receivable | 1,153 | 911 | | 242 |
| - Domestic Market | 794 | 760 | | 34 |
| - Export Market | 469 | 261 | | 208 |
| - Allowance for Debtful | (110) | (110) | | 0 |
| Inventory | 2,542 | 2,521 | | 21 |
| Advances to Suppliers | 152 | 173 | | (21) |
| Liabilities | 2,166 | 1,864 | | 302 |
| Suppliers | 1,235 | 1,167 | | 68 |
| Salaries and Social | | | | |
| Contribution | 173 | 185 | | (12) |
| Taxes Payable | 648 | 512 | | 136 |
| Advances from Clients | 110 | 0 | | 110 |
| Working Capital | 2,128 | 1,886 | | 242 |

The average 3Q07 supplier payment and inventory periods remained at around 65 days, while the average client payment period fell from 31 to 23 days. The average term for inventories remained at around 140 days.

TURN OVER RATIO

| Average Periods | 2Q07 | 3Q07 | Chg.(%) |
|---------------------------|-------------|-------------|----------------|
| Receivables | 31 | 23 | 8 |
| Supplier Payment | 70 | 65 | 5 |
| Inventory Turnover | 145 | 140 | 5 |

09.01 - EQUITY IN SUBSIDIARIES AND/OR ASSOCIATED COMPANIES

| 1 - ITEM | 2 - NAME OF SUBSIDIARY/AFFILIATED COMPANY | 3 - CNPJ (Corporate Taxpayer s ID) | 4 - PARTICIPATION IN ASSOCIATION INVESTEE - % | 5 - INVESTOR S SHAREHOLDERS EQUITY - % |
|---|---|--|---|--|
| 7 - TYPE OF COMPANY | 8 - NUMBER OF SHARES HELD IN CURRENT QUARTER (in thousands) | 9 - NUMBER OF SHARES HELD IN PREVIOUS QUARTER (in thousands) | | |
| 01 | CSN OVERSEAS | 05.722.388/0001-58 | PRIVATE SUBSIDIARY 00.00 | 10.28 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 7,173 | | 7,173 |
| 02 | CSN STEEL | 05.706.345/0001-89 | PRIVATE SUBSIDIARY 00.00 | 16.07 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 480,727 | | 480,727 |
| 04 | CSN ENERGY | 06.202.987/0001-03 | PRIVATE SUBSIDIARY 00.00 | 6.13 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 3,675 | | 3,675 |
| 06 | IND. NAC. DE AÇOS LAMINADOS INAL | 02.737.015/0001-62 | PRIVATE SUBSIDIARY 99.99 | 7.50 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 421,366 | | 421,366 |
| 07 | CSN CIMENTOS | 42.564.807/0001-05 | PRIVATE SUBSIDIARY 99.99 | 0.00 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 32,777 | | 32,777 |
| 08 | CIA METALIC DO NORDESTE | 01.183.070/0001-95 | PRIVATE SUBSIDIARY 99.99 | 1.78 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 92,284 | | 92,284 |
| 09 | INAL NORDESTE | 00.904.638/0001-57 | PRIVATE SUBSIDIARY 99.99 | 0.60 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 37,796 | | 37,796 |

09.01 - EQUITY IN SUBSIDIARIES AND/OR ASSOCIATED COMPANIES

| 1 - ITEM | 2 - NAME OF SUBSIDIARY/AFFILIATED COMPANY | 3 - CNPJ (Corporate Taxpayer's ID) | 4 - CLASSIFICATION | 5 - PARTICIPATION IN CAPITAL OF INVESTEE - % | 6 - INVESTOR'S SHARE EQUITY - % |
|---|---|---|----------------------------|---|---------------------------------|
| 7 - TYPE OF COMPANY | | 8 - NUMBER OF SHARES HELD IN CURRENT QUARTER (in thousands) | | 9 - NUMBER OF SHARES HELD IN QUARTER (in thousands) | |
| 10 | CSN PANAMA | 05.923.777/0001-41 | PRIVATE SUBSIDIARY | 100.00 | |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | | | 4,240 | |
| 11 | CSN ENERGIA | 03.537.249/0001-29 | PRIVATE SUBSIDIARY | 99.99 | |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | | | 1 | |
| 13 | CSN I | 04.518.302/0001-07 | PRIVATE SUBSIDIARY | 99.99 | |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | | | 9,995,753 | |
| 14 | GALVASUD | 02.618.456/0001-45 | PRIVATE SUBSIDIARY | 15.29 | |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | | | 1,804,435 | |
| 16 | SEPETIBA TECON | 02.394.276/0001-27 | PRIVATE SUBSIDIARY | 100.00 | |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | | | 254,015 | |
| 17 | COMPANHIA FERROVIÁRIA DO NORDESTE-CFN | 02.281.836/0001-37 | PUBLICLY-TRADED SUBSIDIARY | 45.78 | |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | | | 54,451 | |
| 18 | ITÁ ENERGÉTICA | 01.355.994/0002-02 | PUBLICLY-TRADED SUBSIDIARY | 48.75 | |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | | | 253,607 | |

09.01 - EQUITY IN SUBSIDIARIES AND/OR ASSOCIATED COMPANIES

| 1 - ITEM | 2 - NAME OF SUBSIDIARY/ASSOCIATED COMPANY | 3 - CNPJ (Corporate Taxpayer's ID) | 4 - CLASSIFICATION | 5 - PARTICIPATION IN CAPITAL OF INVESTEE - % | 6 - INVESTOR'S SHARE OF EQUITY - % |
|---|---|---|----------------------------|---|------------------------------------|
| 7 - TYPE OF COMPANY | | 8 - NUMBER OF SHARES HELD IN CURRENT QUARTER (in thousands) | | 9 - NUMBER OF SHARES HELD IN QUARTER (in thousands) | |
| 19 | MRS LOGÍSTICA | 01.417.222/0001-77 | PUBLICLY-TRADED SUBSIDIARY | 32.93 | |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | | 111,962 | | |
| 27 | CSN EXPORT | 05.760.237/0001-94 | PRIVATE SUBSIDIARY | 100.00 | |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | | 32 | | |
| 28 | CSN ISLANDS VII | 05.918.539/0001-48 | PRIVATE SUBSIDIARY | 100.00 | |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | | 1 | | |
| 29 | CSN ISLANDS VIII | 06.042.103/0001-09 | PRIVATE SUBSIDIARY | 100.00 | |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | | 1 | | |
| 30 | CSN ISLANDS IX | 07.064.261/0001-14 | PRIVATE SUBSIDIARY | 100.00 | |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | | 1 | | |
| 31 | ERSA - ESTANHO DE RONDÔNIA | 00.684.808/0001-35 | PRIVATE SUBSIDIARY | 99.99 | |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | | 34,233 | | |
| 32 | CSN ISLANDS X | ./.- | PRIVATE SUBSIDIARY | 100.00 | |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | | 1 | | |

09.01 - EQUITY IN SUBSIDIARIES AND/OR ASSOCIATED COMPANIES

| 1 - ITEM | 2 - NAME OF SUBSIDIARY/AFFILIATED COMPANY | 3 - CNPJ (Corporate Taxpayer s ID) | 4 - CLASSIFICATION | 5 - PARTICIPATION IN CAPITAL OF INVESTEE - % | 6 - INVESTOR S SHARE EQUITY - % |
|---|---|---|--------------------|--|---------------------------------|
| 7 - TYPE OF COMPANY | | 8 - NUMBER OF SHARES HELD IN CURRENT QUARTER (in thousands) | | 9 - NUMBER OF SHARES HELD IN PREVIOUS QUARTER (in thousands) | |
| 33 | NACIONAL MINÉRIOS | 08.446.702/0001-05 | PRIVATE SUBSIDIARY | 99.97 | |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | | | 29,997 | |
| 34 | PELOTIZAÇÃO NACIONAL | . / - | PRIVATE SUBSIDIARY | 99.99 | |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | | | 1,000 | |
| 35 | CONGONHAS MINÉRIOS | 08.902.291/0001-15 | PRIVATE SUBSIDIARY | 99.99 | |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | | | 5,009 | |
| 36 | MINAS PELOTIZAÇÃO | . / - | PRIVATE SUBSIDIARY | 99.99 | |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | | | 1,000 | |

10.01 CHARACTERISTICS OF PUBLIC OR PRIVATE ISSUANCE OF DEBENTURES

| | | |
|----|-------------------------------------|----------------------|
| 1 | ITEM | 04 |
| 2 | ORDER No. | 3 |
| 3 | REGISTRY No. AT CVM | CVM/SRE/DEB/2003/023 |
| 4 | REGISTRATION DATE AT CVM | 12/19/2003 |
| 5 | ISSUED SERIES | 2A |
| 6 | TYPE OF ISSUE | COMMON |
| 7 | NATURE OF ISSUE | PUBLIC |
| 8 | DATE OF ISSUE | 12/1/2003 |
| 9 | EXPIRATION DATE | 12/1/2008 |
| 10 | TYPE OF DEBENTURE | WITHOUT PREFERENCE |
| 11 | CONDITION FOR CURRENT REMUNERATION | IGPM + 10% p.a. |
| 12 | PREMIUM/NEGATIVE GOODWILL | |
| 13 | NOMINAL VALUE (Reais) | 10,000.00 |
| 14 | AMOUNT ISSUED (Thousands of Reais) | 250,000 |
| 15 | NUMBER OF SECURITIES ISSUED (UNIT) | 25,000 |
| 16 | OUTSTANDING SECURITIES (UNIT) | 25,000 |
| 17 | TREASURY SECURITIES (UNIT) | 0 |
| 18 | CALLED AWAY SECURITIES (UNIT) | 0 |
| 19 | CONVERTED SECURITIES (UNIT) | 0 |
| 20 | SECURITIES TO BE DISTRIBUTED (UNIT) | 0 |
| 21 | DATE OF THE LAST RENEGOTIATION | |
| 22 | DATE OF NEXT EVENT | 12/1/2007 |

10.01 CHARACTERISTICS OF PUBLIC OR PRIVATE ISSUANCE OF DEBENTURES

| | | |
|----|-------------------------------------|----------------------|
| 1 | ITEM | 05 |
| 2 | ORDER no. | 4 |
| 3 | REGISTRY No. AT CVM | CVM/SRE/DEB/2006/011 |
| 4 | REGISTRATION DATE AT CVM | 4/28/2006 |
| 5 | ISSUED SERIES | UN |
| 6 | TYPE OF ISSUE | COMMON |
| 7 | NATURE OF ISSUE | PUBLIC |
| 8 | DATE OF ISSUE | 2/1/2006 |
| 9 | EXPIRATION DATE | 2/1/2012 |
| 10 | TYPE OF DEBENTURE | WITHOUT PREFERENCE |
| 11 | CONDITION FOR CURRENT REMUNERATION | 103.6% CDI CETIP |
| 12 | PREMIUM/NEGATIVE GOODWILL | |
| 13 | NOMINAL VALUE (Reais) | 10,000.00 |
| 14 | AMOUNT ISSUED (Thousands of Reais) | 600,000 |
| 15 | NUMBER OF SECURITIES ISSUED (UNIT) | 60,000 |
| 16 | OUTSTANDING SECURITIES (UNIT) | 60,000 |
| 17 | TREASURY SECURITIES (UNIT) | 0 |
| 18 | CALLED AWAY SECURITIES (UNIT) | 0 |
| 19 | CONVERTED SECURITIES (UNIT) | 0 |
| 20 | SECURITIES TO BE DISTRIBUTED (UNIT) | 0 |
| 21 | DATE OF THE LAST RENEGOTIATION | |
| 22 | DATE OF NEXT EVENT | 2/1/2008 |

15.01 INVESTMENT PROJECTS

Amongst the major investments, we emphasize the expansion of the production capacity of the Casa de Pedra mine and Itaguaí port, where the Company invested the amount of R\$363,629 and R\$452,926, respectively, up to September 30, 2007.

For further information, see the Management Report.

16.01 - OTHER INFORMATION CONSIDERED MATERIAL BY THE COMPANY

Companhia Siderúrgica Nacional
Statements of Cash Flows
For the periods ended on September 30, 2007 and 2006
(In thousands of reais)

| | Consolidated | | Parent Company | |
|--|---------------------|------------------|-----------------------|------------------|
| | 9/30/2007 | 9/30/2006 | 9/30/2007 | 9/30/2006 |
| Cash flow from operating activities | | | | |
| Net income for the period | 2,414,252 | 1,084,110 | 2,434,874 | 1,076,956 |
| Adjustments to reconcile the net income for the period | | | | |
| with the resources from operating activities: | | | | |
| - Net monetary and exchange variations | (907,871) | (505,832) | (940,251) | (572,198) |
| - Provision for loan and financing charges | 567,419 | 659,714 | 440,179 | 515,272 |
| - Depreciation, depletion and amortization | 810,005 | 722,716 | 670,267 | 604,991 |
| - Write-offs of property, plant and equipment | 673,906 | 29,967 | 18,744 | 7,410 |
| - Equity accounting and amortization of goodwill and negative goodwill | 82,582 | 63,565 | (826,124) | (146,292) |
| - Deferred income and social contribution taxes | 37,200 | (1,646) | 95,234 | 44,603 |
| - Provision for swaps | (513,112) | (19,083) | 90,452 | 695 |
| - Provision for actuarial liability | (40,409) | 48,404 | (40,409) | 48,404 |
| - Provision to receive BF#3 loss | | (757,273) | | (757,273) |
| - Provision for contingencies | 35,779 | (164,392) | 40,235 | (159,026) |
| - Other provisions | (232,193) | 11,221 | (242,690) | 6,806 |
| | 2,927,558 | 1,171,471 | 1,740,511 | 670,348 |
| (Increase) decrease in assets: | | | | |
| - Accounts receivable | 417,442 | 35,663 | 340,263 | 272,195 |
| - Inventories | (100,881) | (513,396) | (216,834) | (158,875) |
| - Receivable from subsidiaries | | | (278,949) | 61,324 |
| - Recoverable taxes | (17,073) | (11,947) | 97,425 | (44,944) |
| - Other | 209,529 | 1,358 | 137,127 | (67,269) |
| | 509,017 | (488,322) | 79,032 | 62,431 |
| Increase (decrease) in liabilities | | | | |
| - Accounts Payable to Suppliers | (400,931) | 353,449 | (462,666) | 219,545 |
| - Salaries and payroll charges | 43,287 | 33,590 | 33,417 | 17,850 |

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| | | | | |
|---|--------------------|--------------------|--------------------|--------------------|
| - Taxes | (19,109) | 282,340 | (49,351) | 204,117 |
| - Accounts payable - Subsidiaries | | | (98,323) | (82,694) |
| - Contingent Liabilities | 420,401 | 666,963 | 396,508 | 619,621 |
| - Charges paid on loans and financings | (589,878) | (612,582) | (452,932) | (441,449) |
| - Others | (101,768) | (299,648) | (733) | (15,153) |
| | (647,998) | 424,112 | (634,080) | 521,837 |
| Net cash provided by operating activities | 2,788,577 | 1,107,261 | 1,185,463 | 1,254,616 |
| Cash Flows from investing activities | | | | |
| - Judicial Deposits | (849,503) | (14,302) | (843,721) | (14,360) |
| - Investments | (792,765) | (93,626) | (165,200) | (183,274) |
| - Property, plant and equipment | (965,740) | (1,103,056) | (604,096) | (719,668) |
| - Deferred charges | (33,499) | (12,155) | (32,411) | (10,478) |
| Net resources used on investing activities | (2,641,507) | (1,223,139) | (1,645,428) | (927,780) |
| Cash Flow from financing activities | | | | |
| Financial Funding | | | | |
| - Loans and Financing | 2,938,216 | 2,228,967 | 3,340,598 | 1,530,251 |
| - Debentures | | 600,000 | | 600,000 |
| | 2,938,216 | 2,828,967 | 3,340,598 | 2,130,251 |
| Payments | | | | |
| - Financial Institutions - principal | (2,294,279) | (1,450,164) | (1,821,683) | (571,125) |
| - Dividends and interest on shareholders equity | (685,947) | (2,069,725) | (685,947) | (2,069,725) |
| - Treasury shares | (66,708) | (39,110) | (66,708) | (39,110) |
| | (3,046,934) | (3,558,999) | (2,574,338) | (2,679,960) |
| Net cash raised (used) in financing activities | (108,718) | (730,032) | 766,260 | (549,709) |
| Increase (decrease) in cash and marketable securities | | | | |
| Cash and marketable securities, beginning of period | 2,133,097 | 3,495,799 | 588,863 | 1,495,795 |
| Cash and marketable securities (except for derivatives), end of period | 2,171,449 | 2,649,889 | 895,158 | 1,272,922 |

16.01 - OTHER INFORMATION CONSIDERED MATERIAL BY THE COMPANY

Companhia Siderúrgica Nacional
Statements of Changes in Financial Position
For the periods ended on September 30, 2007 and 2006
(In thousands of reais)

| | Consolidated | | Parent Company | |
|---|------------------|------------------|------------------|------------------|
| | 9/30/2007 | 9/30/2006 | 9/30/2007 | 9/30/2006 |
| SOURCES OF FUNDS | | | | |
| Operations | | | | |
| Net income for the year | 2,414,252 | 1,084,110 | 2,434,874 | 1,076,956 |
| Expenses (income) not affecting net working capital | | | | |
| Monetary and exchange variations and long-term accrued charges (net) | (867,291) | (148,233) | (783,050) | (210,983) |
| Equity in accounting and amortization of goodwill and negative goodwill | 82,582 | 63,565 | (826,124) | (146,292) |
| Write-offs of property, plant and equipment | 673,906 | 29,967 | 18,744 | 7,410 |
| Depreciation, depletion and amortization | 810,005 | 722,716 | 670,267 | 604,991 |
| Deferred income and social contribution taxes | (42,729) | (100,696) | 22,741 | (118,961) |
| Provision for contingencies | 34,179 | (40,737) | 42,639 | (85,326) |
| Provision for actuarial liability | (40,409) | 48,404 | (40,409) | 48,404 |
| Changes in the deferred income | (207) | (720) | | |
| Others | 8,314 | (968) | (7,411) | (5,280) |
| | 3,072,602 | 1,657,408 | 1,532,271 | 1,170,919 |
| Dividends and interest on shareholders equity | | | 3,286 | 4,467 |
| From third parties | | | | |
| Funds from loans and financing | 1,712,580 | 783,827 | 1,968,100 | 671,591 |
| Transfer of loans and financings to long-term | | 600,000 | 1,157,498 | 600,000 |
| Decrease in other long-term assets | 71,350 | 815,740 | 181,766 | 602,778 |
| Increase in other long-term liabilities | 166,247 | 389,531 | 13,355 | 357,762 |
| | 1,950,177 | 2,589,098 | 3,320,719 | 2,232,131 |
| TOTAL SOURCES | 5,022,779 | 4,246,506 | 4,856,276 | 3,407,517 |
| APPLICATION OF FUNDS | | | | |
| Permanent assets | | | | |
| Investments | 792,765 | 93,626 | 165,200 | 183,274 |
| Property, plant and equipment | 965,740 | 1,103,056 | 604,096 | 719,668 |
| Deferred assets | 33,499 | 12,155 | 32,411 | 10,478 |
| | 1,792,004 | 1,208,837 | 801,707 | 913,420 |
| Other | | | | |
| Judicial deposits | 802,092 | 13,107 | 792,208 | 8,509 |
| Dividends and Interest on shareholders equity | 134,919 | 880,160 | 134,919 | 880,160 |

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| | | | | |
|---|------------------|------------------|--------------------|------------------|
| Treasury shares | 66,708 | 39,110 | 66,708 | 39,110 |
| Transfer of loans and financing to short term | 1,582,987 | 1,046,970 | 1,102,401 | 1,564,091 |
| Increases in other long-term assets | 53,080 | 192,181 | 471,690 | 126,209 |
| Decreases in other long-term liabilities | 17,898 | 574,971 | | 470,780 |
| | 2,657,684 | 2,746,499 | 2,567,926 | 3,088,859 |
| TOTAL APPLICATIONS | 4,449,688 | 3,955,336 | 3,369,633 | 4,002,279 |
| INCREASE (DECREASE) IN NET WORKING CAPITAL | 573,091 | 291,170 | 1,486,643 | (594,762) |
| CHANGES IN NET WORKING CAPITAL | | | | |
| Current Assets | | | | |
| At end of period | 8,048,183 | 8,799,894 | 4,823,940 | 5,978,372 |
| At beginning of period | 7,927,762 | 8,164,081 | 5,008,626 | 5,545,203 |
| | 120,421 | 635,813 | (184,686) | 433,169 |
| Current liabilities | | | | |
| At end of period | 3,865,110 | 5,164,300 | 3,850,144 | 6,328,788 |
| At beginning of period | 4,317,780 | 4,819,657 | 5,521,473 | 5,300,857 |
| | (452,670) | 344,643 | (1,671,329) | 1,027,931 |
| INCREASE (DECREASE) IN NET WORKING CAPITAL | 573,091 | 291,170 | 1,486,643 | (594,762) |

17.01 SPECIAL REVIEW REPORT UNQUALIFIED

Independent Accountants Special Review Report

(A translation of the original report in Portuguese as published in Brazil containing financial statements prepared in accordance with accounting practices adopted in Brazil and rules from the Brazilian Securities Commission - CVM)

To
The Board of Directors and the Shareholders
Companhia Siderúrgica
Nacional Rio de Janeiro - RJ

1. We have performed a special review of the quarterly financial information of Companhia Siderúrgica Nacional and the consolidated quarterly financial information of the Company and its subsidiaries (consolidated information) for the quarter ended September 30, 2007, comprising the balance sheet, the statements of income, the management report and other relevant information, prepared in accordance with accounting practices adopted in Brazil and rules issued by the Brazilian Securities Commission.

2. Our review was performed in accordance with review standards established by IBRACON - The Brazilian Institute of Independent Auditors and the Federal Accounting Council, which comprised, mainly: (a) inquiry and discussion with management responsible for the accounting, financial and operational areas of the Company and its subsidiaries, regarding the main criteria adopted in the preparation of the quarterly financial information; and (b) review of post-balance sheet information and events, which have, or may have, a material effect on the financial position and the operations of the Company and its subsidiaries.

3. Based on our special review, we are not aware of any material modifications that should be made to the quarterly financial information described above, for it to be in accordance with accounting practices adopted in Brazil and rules issued by the Brazilian Securities Commission, specifically applicable to the preparation of the quarterly financial information.

4. Our special review was performed with the objective of issuing a review report on the quarterly financial information referred to in the first paragraph. The statements of cash flows, changes in financial position and added value for the quarter ended September 30, 2007 represent supplementary to the aforementioned financial information, are not required under accounting practices adopted in Brazil and are being presented to provide additional analysis. These supplementary information were subject to the same special review procedures as applied to the quarterly financial information and based on those procedures we are not aware of any material modifications that should be made to those statements for them to be in accordance with the accounting practices adopted in Brazil and rules issued by the Brazilian Securities Commission.

5. The quarterly financial information of Companhia Siderúrgica Nacional and the consolidated quarterly financial information of this Company and its subsidiaries for the period ended September 30, 2006, which income statements are being presented for comparison purposes, were reviewed by other independent auditors, who issued an unqualified special review report dated November 7, 2006.

November 12, 2007

KPMG Auditores Independentes
CRC 2SP014428/O-6-F-RJ

Manuel Fernandes Rodrigues de Sousa
Accountant CRC 1RJ052428/O-2

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: November 29, 2007

COMPANHIA SIDERÚRGICA NACIONAL

By: /s/ Benjamin Steinbruch

Benjamin Steinbruch
Chief Executive Officer and
Investor Relations Officer

By: /s/ Otávio de Garcia Lazcano

Otávio de Garcia Lazcano
Chief Financial Officer

FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates of future economic circumstances, industry conditions, company performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.
